PASSENGER FACILITY CHARGES

(101-60)

HEARING

BEFORE THE

SUBCOMMITTEE ON AVIATION

OF THE

COMMITTEE ON

PUBLIC WORKS AND TRANSPORTATION

HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

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SUMMARY OF SUBJECT MATTER

At this hearing, the Subcommittee will receive testimony on the desirability of allowing airports to impose a charge on airline passengers (known as a passenger facility charge on PFC) and how a PFC would be administered.

BACKGROUND OF LEGAL PROHIBITION ON PFC'S

In 1973, Congress passed Section 1113 of the Federal Aviation Act prohibiting state or local governments or public authorities running airports from imposing charges on airline passengers. Airports had begun collecting these charges in the late 1960's and, as indicated in the chart below, by 1973, 44 airports were imposing charges ranging from $.25–$2.00 per passenger.

AIRPORT PASSENGER TAXES ENACTED

City	Amount	Effective date	Collecting
1. New Hampshire (on carrier)	$1/$0.50	Aug. 21, 1969	Carrier.
2. Huntsville, Ala	1.00	July 1, 1972	Airport authority.
3. Philadelphia, Pa	2.00	do	Carrier.
4. Richmond, Va	1.00	do	Do.
5. Sarasota-Bradenton, Fla	1.00	do	Airport authority.
6. Tri-City, Michigan	1.00	do	Carrier.
7. Pensacola, Fla	1.00	Aug. 1, 1972	Do.
8. Kalamazoo, Mich	1.00	Aug. 15, 1972	Do.
9. La Crosse, Wis	1.00	Sept. 1, 1972	Do.
10. Raleigh-Durham, N.C	2.00	do	Airport authority.
11. Allentown, Pa	2/1.00	Oct. 1, 1972	Do.
12. Traverse City, Mich	1.00	do	Carrier.
13. Fort Wayne, Ind	1.00	Oct. 23, 1972	Board of Aviation.
14. Jackson, Miss. (on carrier)	1.00	Nov. 1, 1972	Carrier.
15. Rochester, N.Y	1.00	do	Do.
16. Des Moines, Iowa	1.00	Nov. 6, 1972	Do.
17. Evansville, Ind	1.00	Nov. 29, 1972	Do.
18. Roanoke, Va	1.00	Nov. 15, 1972	Do.
19. Fort Myers, Fla	1.00	Dec. 1, 1972	Airport authority.
20. Duluth, Minn	1.00	Jan. 1, 1973	Carrier.
21. Newport News, Va	1.00	do	Airport authority.
22. Cedar Rapids, Iowa	1.00	do	Do.
23. Madison, Wis	2.00	Feb. 1, 1973	Carrier.
24. El Dorado, Ark			Do.
25. Ashville, N.C	2.00	Jan. 12, 1973	Do.
26. Youngstown, Ohio	1.00		Do.
27. Medford, Oreg	2.00	Jan. 25, 1973	Do.
28. Eugene, Oreg	2.00	Feb. 15, 1973	Airport authority.
29. Norfolk, Va	1.00	Feb. 8, 1973	Carrier.
30. Chatanooga, Tenn	1.00	Feb. 1, 1973	Airport authority.
31. Tyler, Tex	2.00		Do.
32. West Palm Beach, Fla	1.00	Feb. 6, 1973	Do.
33. Mermon-Hetrin, Ill	1.00	Jan. 15, 1973	Carrier.
34. Lafayette, La	1.00	Feb. 5, 1973	Airport authority.
35. Tucson, Ariz	1.00	Mar. 2, 1973	Carrier.
36. Williamsport, Pa	1.50	Feb. 6, 1973	Airport authority.

AIRPORT PASSENGER TAXES ENACTED—Continued

City	Amount	Effective date	Collecting
37. Hancock, Mich	2.00		Airport authority.
38. Melbourne, Fla	1.00	Mar. 1, 1973	Carrier.
39. Lake Tahoe, Nev	.50	Feb. 6, 1973	Do.
40. North Platte, Nebr	2.00	Mar. 15, 1973	Do.
41. Jacksonville, Fla	1.00	do	Do.
42. Rochester, Minn	2.00	Mar. 1, 1973	Do.
43. Indianapolis, Ind	.25		Do.
44. Bradford, Pa	1.00	Mar. 1, 1973	Do.

The Supreme Court upheld the constitutionality of these types of charges in the case of *Evansville-Vanderburgh Airport Authority* v. *Delta Airlines.*

The passenger charges were severely criticized by airlines and passengers. The problems raised included administrative problems for the airlines in collecting the charges, inconvenience to passengers at airports where the passenger had to make a separate payment of the PFC at the airport, and use of PFC money for off-airport projects and purposes not related to aviation.

Legislation banning these taxes was enacted in 1973. Since then, there have been some efforts by airports and others to modify the prohibition and allow PFC's, subject to restrictions to prevent the more controversial features of PFC's. In the 1982 trust fund reauthorization legislation, there was some Congressional interest, particularly in the Senate, in allowing PFC's. However, ultimately neither the House nor the Senate included a PFC in their bill.

CURRENT VIEWS ON PFC'S

The 1990 trust fund reauthorization legislation has spurred a great deal of interest in the PFC issue. PFC's are strongly supported by airports, particularly large and medium size airports and by the Administration. Many airlines oppose allowing a PFC. Detailed proposals for a passenger facility charge have been developed by the Department of Transportation, the Department of Transportation's Airport Capacity Funding Advisory Committee,[1] and by Congressmen Lipinski and DeFazio, who introduced H.R. 5056 on June 14.

The following discussion sets forth the issues which were specified in the Subcommittee's hearing notice and the general positions which have been taken on these issues.

Issue 1.—Do airports need an additional source of revenue to finance capital development? What are the reasons an additional source is needed? that the bond market will not support the necessary financing? that airlines are unwilling to support needed capital development?

Positions: Supporters of a PFC take the position that airports will need substantial revenues to develop their capacity in the coming decade. Airport associations estimate capital development needs at $10 billion per year. Supporters of PFC's argue that existing funding sources are not adequate to meet these needs. They point out that the AIP program will only furnish less than $2 billion per year and that the other main source of funding for capital development, revenue bonding, has never exceeded $3.2 billion in a previous calendar year. It is also argued that at many airports contracts between airports and airlines require approval of a majority of the airlines before these airlines can be required to pay fees to support new capital development. It is argued that incumbent airlines will be unwilling to support capital development which might benefit their competitors.

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[1] The Advisory Committee members were airports, airlines and other users. The Committee did not reach a consensus on whether PFC's should be allowed, but did reach a consensus on how PFC's, if allowed, should be administered.

Opponents of a PFC argue that the airports' estimates of their capital needs are overstated and that any legitimate needs can be met from traditional funding sources. It is pointed out that airport revenue bonds are only a small portion of the total of tax-exempt bonds issued each year and that the overall bond market could easily support the small percentage increase required to issue several billion dollars a year in additional airport revenue bonds. Opponents of a PFC also argue that the airports have been unable to cite any cases in which airlines have used their contractual powers to prevent needed capital development (supporters of a PFC would argue that even if the airlines have not totally prevented needed development, they have prolonged negotiations and delayed needed projects and have required modifications in these projects).

Issue 2.—Should there be legislative limitations on the amount of a PFC? Should the amount be uniform at all airports charging a PFC? Should an airport be allowed to change the amount of a PFC after it starts collecting one? Should an airport be allowed to impose a PFC on passengers changing flights at the airport?

Positions: (a) The DOT Advisory Committee[2] recommends that PFC's be levied at whole dollar amounts per enplaned passenger with a ceiling of $3 per passenger. The cap could be lifted for an individual airport by approval of the Secretary of Transportation, either for changed financial circumstances (PFC revenues being less than had been reasonably forecast) or for "certain capacity projects". No specifics were given on the latter and it was urged that this issue be further considered during Congressional deliberations. The Advisory Committee proposal would allow PFC's to be imposed on connecting passengers and would not limit the number of charges per flight on each passenger. PFC's could be reduced for non-connecting passengers on short haul flights to small communities.

(b) Under the proposal in H.R. 5056, PFC's could be imposed at a charge of $1, $2, or $3 per passenger enplaned. The Secretary could approve a general increase in the $3 maximum amount on the basis of "increased costs related to airport development". An individual airport could obtain a waiver of the $3 cap, in multiples of $1, under circumstances to be determined by the Secretary, including that PFC revenues were materially less than those that had been forecast or that an airport related project to be financed by PFC revenues would materially enhance regional or national airport capacity. PFC's could be imposed on connecting passengers, but there could be no more than 2 PFC's per one-way trip.

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[2] DOT issued comments on the Advisory Committee's recommendations. Unless indicated otherwise in this summary, DOT agreed with the Advisory Committee.

Issue 3.—Should there be a requirement that an airport demonstrate (or certify) that PFC's (and/or particular projects which would be supported by a PFC) are needed before an airport is allowed to charge a PFC?

Positions: (a) DOT Task Force. PFC's must be justified on the basis of specific eligible projects. Procedures established for DOT review of projects if airlines object to a project (see 6 below).

(b) H.R. 5056. Airports must submit plans for imposing PFC's and for using PFC revenues for "airport related projects" (a defined term, see Issue 4) to DOT. DOT review as described in 6 below.

Issue 4.—Should there be limitations on the uses of revenues from a PFC? Should the proceeds be used only for projects eligible for AIP grants? for some broader class of projects on the airport? for new gates? for off-airport roads and/or off-airport mass transit facilitating access to the airport? for development at other airports owned by the entity owning the airport imposing a PFC?

Positions: (a) DOT Advisory Committee. On-airport capacity projects would be eligible for PFC funding. PFC revenues would not be limited to AIP eligible projects, but the committee decided that rather than creating an exact list of the types of projects that would be eligible, there would be a process of DOT approval which would determine what could be funded. The Committee reported substantial disagreement as to whether gates should be eligible for PFC funding in the absence of an agreement with users. However, as a compromise, gates could be funded with DOT approval. PFC revenues could also be used for environmental projects off the airport with restrictions (a specifically discussed example was that purchase of easements and part 150 eligible items would be included, but the payment of court awarded damages would not). PFC's could also be used for "certain kinds of navigational and airways facilities and equipment". PFC's could be used at other airports controlled by the same sponsor if a project would provide demonstrable benefits to the parties paying the PFC. However, use of PFC funds at other airports would not include terminal or gate projects which are ineligible for funding under the AIP program.

(b) H.R. 5056—PFC's could be used for "airport related" projects which are defined as projects which would enhance airport capacity security or safety, including projects for improving airside terminal and landside capacity, passenger and baggage loading areas, parking facilities, hangars, noise mitigation, land acquisition, site development, and environmental mitigation. There could be funding for off-airport transportation systems if the systems were primarily used for transportation to and from the airport. PFC's could be used for any of these types of projects at other airports operated by the same airport authority.

Issue 5.—Should the airlines and other airport users have any role in deciding whether the PFC should be imposed at the airport and how the proceeds should be spent? Should an airport be allowed to enter into contracts with airlines which limit the airport's ability to impose a PFC beyond the limitations imposed by law?

Positions: (a) DOT Advisory Committee. Airports would have to consult with users about the projects to be funded by a PFC. If users did not agree on a project, procedures are estalished for FAA to deal with the issue, as further discussed in #6 below. The report does not include any recommendations on the permissibility of contracts which inhibit an airport's ability to impose a PFC.

(b) H.R. 5056—Consultation with airlines required. Contracts which limit the authority and discretion of an airport authority to impose or collect PFC's are not enforceable.

Issue 6.—Should the federal government have any role in deciding whether a PFC should be imposed? In approving the projects to be funded by a PFC?

Positions: (a) DOT Advisory Committee. Provides for DOT approval of the use of PFC's for projects proposed by the airport but objected to by the users. DOT could disapprove projects which would not benefit safety or capacity, or in the case of a project which is not AIP eligible, if the project could be funded by alternative means. In the case of a disputed AIP eligible project the burden would be on the users to demonstrate that the project would not benefit airport safety and capacity. If there is no disapproval in 90 days, the project and the amount of PFC revenues required to cover it would be approved. If the project is AIP ineligible, the burden would be on the airport to demonstrate that the project would enhance system capacity or safety and that alternative funding was not available. FAA would be required to disapprove the project in 90 days if FAA had been unable to reach a decision that the airport had made the necessary showing.

DOT finds the procedures recommended by the Advisory Committee to be "very promising," but recommends that PFC legislation not go into detail on the procedures to be followed for DOT review, leaving the details to a DOT rule making. DOT does not believe that there should be any review process for AIP eligible projects for which the PFC would not exceed $3.

(b) H.R. 5056. Airports are required to submit plans for PFC's to DOT specifying the projects for which a PFC would be used. If a project came within the definition of projects eligible for PFC spending, DOT would not have any authority to disapprove the project on the merits. (For example, if an airport proposed to use a PFC for a "parking facility" which is included in the bill's definition of projects for which a PFC could be used, DOT could not find that the project should be disapproved because the airport did not need additional parking.) DOT could disapprove if an airport failed to provide reasonable opportunities for consultation, or if a project did not come within the definition of eligible projects. A plan not disapproved in 120 days would be deemed approved. The bill also provides for audits of previously approved PFC's. DOT could disapprove continuation of a PFC if the revenues were not being used for airport related projects. DOT could recover revenues from PFC's which were excessive or not being used for eligible projects, by withholding AIP grants.

Issue 7.—Should state or local governments be preempted from imposing any limitations on an airport's ability to collect a PFC beyond the limitations imposed by federal law?

Positions: (a) DOT Advisory Committee—no recommendation.

(b) H.R. 5056—States or political entities other than the airport authority would be prohibited from regulating the imposition and collection of passenger facility charges.

Issue 8.—Should an airport imposing a PFC be required to forgo any Airport Improvement Funds for which it would otherwise be eligible? If so, for what purpose should the additional funds which become available in the AIP program be used?

Positions: (a) DOT Advisory Committee. Large and medium hub aiports imposing PFC's should forgo $.50 of each AIP passenger entitlement dollar for each dollar of PFC revenue received up to a maximum entitlement loss of 50%. Small hub and non-hub airports would not forgo any entitlement funds. Entitlement funds forgone by airports would be shifted to the discretionary fund and "allocated proportionately" to all categories in the discretionary category (the report does not go into detail about how this allocation would work. The intent appears to be that the additional funds would first be added to the minimum funding requirements estabished by the law [10% of the total AIP program for noise, 10% for relievers, etc.] and then the remaining revenues forgone would be added to the discretionary fund, which is divided 75% for primary and reliever airports, 25% for any discretionary purpose).

DOT, in reviewing the Advisory Committee Report, took the position that there should be no 50% floor for the loss of entitlement-funds and that all airports imposing PFC's should be subject to a loss of AIP funds. The Department's position is that all forgone entitlement funds should be credited to the discretionary funds established in Section 507(c) of the Airport and Airway Impovement Act, of which 75% goes to development at primary and reliever airports, and 25% is a "pure" discretionary funds.

(b) H.R. 5056. For any large or medium hub airport imposing a PFC, entitlement funds are reduced 50%. The revenues forgone are credited to the Section 507(c) discretionary fund, of which 75% goes to specified types of projects at primary and reliever airports, and 25% is a "pure" discretionary fund.

Issue 9.—H.R. 5056 includes several additional conditions on PFC's not discussed in the DOT Advisory Committee report. New projects funded with PFC's may not be subject to exclusive use agreements, as defined by DOT. Lease agreements for facilities constructed with PFC's may not include conditions restricting the airport authority from funding or developing new capacity.

The bill also provides that PFC revenues may not be deemed to be airport revenues within the meaning of existing contracts between airlines and airports. (Some existing contracts require airlines to meet expenses of the airport beyond expenses met by other airport revenues. Under these provisions, if PFC's were considered to be increased airport revenues imposition of a PFC would reduce the fees paid by airlines.)

PASSENGER FACILITY CHARGES

TUESDAY, JUNE 19, 1990

House of Representatives,
Subcommittee on Aviation,
Committee on Public Works and Transportation,
Washington, DC.

The subcommittee met pursuant to call, at 10:15 a.m., in Room 2154, Rayburn House Office Building, Hon. James Oberstar (chairman of the subcommittee) presiding.

Mr. Oberstar. The Subcommittee on Aviation will please come to order with apologies from the Chair for the more than half hour delay. The Chairman, Chairman Mineta of the Surface Transportation Subcommittee, and Chairman Glenn Anderson of the full Public Works and Transportation Committee all were testifying this morning at a session of the Budget Committee, task force on dealing with the status of the trust funds, the spend down and current plans and future initiatives in each of the infrastructure programs of the full Committee of Public Works and Transportation and its various subcommittees.

I can say this. Our colleagues in the Congress are enamored with infrastructure because the questioning went on long beyond the time anticipated for termination of our testimony at that hearing.

This hearing marks the final stage of what we initiated as a comprehensive view of the needs of the nation's aviation system. That review began last October when Congressman Bill Clinger and I summoned all the sources and forces in the aviation community throughout the country and its various aspects and modes to come together and talk about development of a plan that would bring about the spend down of the trust fund reserve and provide adequately for the future of a safe, efficient and effectively operated aviation system.

Last week's mark up on authorization programs was the culmination of the first part of our initiative. This morning in another subcommittee the Transportation Appropriations Subcommittee mark up will take place and may in fact already be underway to implement what we have wrought out last week in the subcommittee mark up by adapting a number of $1.8 billion for the Airport Improvement Program and a very significant increase in the facilities and equipment account as anticipated in our subcommittee bill.

We expect that appropriations bill to reach the House Floor in July, the time we anticipate bringing the authorization bill to the House Floor.

This hearing focuses on another aspect of financing the system. The question today is whether additional funds are needed to finance capital development at airports and how those capital development needs shall be financed. It is clear that local authorities fund two-thirds of the cost of capital development through charges on airlines and other airport users, which charges in turn support the tax exempt bond programs, bonding that is floated by the airport authorities.

Under federal law airports are prohibited from imposing direct charges on airline passengers. However, that was not always so. Until 1973 there were a variety of charges imposed upon passengers ranging from 25 cents to as much as one dollar, two dollars. But, in 1973 the Congress passed legislation that prohibited airports from further imposing such direct charges.

The concerns that prompted this action, were the inconvenience to passengers, diversion of this passenger facility charge revenue to off airport projects, some of which had no relationship whatever to aviation.

Now, the debate over what funds, the debate over what projects airport generated funds should be used for is as old as the aviation system itself, and the major airport development program authorized by the Congress in 1958. But Passenger Facility Charges are still somewhat a matter of debate and disagreement. While I, very frankly, was not supportive of the Passenger Facility Charge earlier this year, I said so with the caveat that we first had to find a means of drawing down the reserve in the trust fund, a goal shared by the entire aviation community. Certainly we didn't need an increase in the ticket tax to accomplish the objectives of improving the air traffic control system or expanding airport capacity because this we reserve in the trust fund.

Until it would be spent down, I didn't see any need to double tax the traveling public. We not only passed the milestone, we have reached an historic agreement with the Appropriations Committee, the budget resolution contemplates increased spending out of the trust fund for aviation purposes. Now it is proper to consider, at least, a Passenger Facility Charge, how it would be imposed, what it would be used for, who would benefit and a number of anciliary questions I shall be raising in the course of this inquiry, some of which we sent out to witnesses testifying today.

We need to consider whether a Passenger Facility Charge would result in unnecessary airport development or unsound airport development as many of the airlines contend. What I am particularly interested in is maintaining the internal checks and balances concept that now prevails in spending of aviation trust fund monies.

Just as we have a checks and balances system in our Federal Government, the House and Senate both must pass a bill, and of course, it doesn't become law unless the President signs it. The court system is a check against the legislative and the executive branch.

So the airlines and the airports are on check against each other. That balance, I think, is important. It must be maintained. It has worked well in the current system. It must be maintained if there is to be a Passenger Facility Charge permitted.

How is it going to to be administered? What will be the use of those PFC revenues? Should the Airport Improvement Program be changed to reduce the federal funding to airports as exist in current law to those airports that would be charging a PFC? And how would the revenue thus foregone be allocated to support development at other airports? These are questions that are more simply stated than answered.

The complexity is something we must address in the course of this hearing and subsequently. There is going to be some thoughtful testimony. I have heard a good deal of it delivered this morning. This afternoon we will hear from the Secretary of Transportation. We will not be hearing collectively from one group that is very keenly interested in and directly affected by Passenger Facility Charge. That is the Air Transport Association, and that is regrettable. I think their views are very important in this matter. They are the collectors of revenue under each of the various Passenger Facility Charge scheme plan.

At this point the Chair would yield to Chairman Anderson, Chairman of the full committee.

Mr. **ANDERSON**. Thank you.

Let me begin by commending you for calling this hearing. As you know, there is a great deal of interest in lifting the federal prohibition on the levying of passenger facility charges by local airports. This timely hearing will enable us to incorporate what we learned today into the committee's aviation trust fund authorization package. These hearings will give us an opportunity to explore fully the need for passenger facility charges and how they would be administered.

Thus far a strong case has been made for lifting the prohibition on passenger facility charges. Given the needs of our aviation infrastructure, a new source of funding appears to be required beyond what the Federal Airport Improvement Program and the private bond market can provide.

If we continue to stick only with the current funding mechanisms and do not permit some new approaches, needed improvements to the nation's airports may have to be deferred.

This would compound the inefficiency in the aviation system which are already causing hundreds of thousands of hours of delay for air travelers each year. I do believe history has taught us if we lift the prohibition, Congress should establish conditions on the use of these funds and a process for deciding whether a particular project should be undertaken with PFC monies. The testimony today should help us in developing fair workable conditions and guidelines for Passenger Facility Charges.

Again, I thank the subcommittee Chairman Oberstar for scheduling this hearing. I look forward to all of the expert testimony we will receive today.

Thank you, Mr. Chairman.

Mr. **OBERSTAR**. Thank you, Mr. Chairman.

The Chair recognizes the senior Member on the Republican side, Mr. Hammerschmidt.

Mr. **HAMMERSCHMIDT**. Thank you, very much, Mr. Chairman.

Mr. Chairman, when I came in a moment ago, you were making your opening statement. I know you were recalling back to the early 1970's when we both remember the Passenger Facility Charge, or the head tax, as it was then called was very, very controversial.

It was so controversial in 1973 Congress decided to ban these charges. The controversy, of course, stemmed from the fact that some airports evidently used PFC revenues for non-aviation purposes. Now the PFC issue has risen again. In part, of course, this is due to the growing infrastructure needs or aviation system now estimated to be about $10 billion per year and to our inability to meet those needs out of the aviation trust fund.

The high visibility of this issue is due in large measure to the diligence and efforts of our Secretary in Transportation Sam Skinner. He has argued for the PFC. I am sure he will again later today when he is a witness before this committee. As the Secretary will undoubtedly point out, there is much in the PFC concept to recommend, it would help address our airport capacity needs by creating a reliable funding source and by increasing an airport's bonding capability. It could benefit small airports if entitled money foregone by large airports was redirected to small ones. It could increase competition in the airline industry by enabling hub airports to undertake expansion projects without having to get approval from an airline that would prefer to keep its monopoly there. We would have the lead role on the amount of the PFC and how to spend, unlike the present situation with the ticket tax. Despite these advantages, there are many questions that must be raised. One is how to justify a PFC when there is already such a large surplus in the aviation trust fund. Related to that is the question of how to insure that the PFC is not used as an excuse by the Administration or the Appropriations Committee to cut Airport Improvement Program, AIP funding, in the future.

Even if we were sure we wanted to adopt a PFC, there are may details about structuring it that must be discussed and worked out. It is very important that we have this hearing in order to examine these important issues. So I want to express my appreciation to you, Mr. Chairman, and the ranking Member, Mr. Clinger, for moving so promptly on this issue. I am looking forward to hearing our witnesses.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you, Mr. Hammerschmidt. I think you have stated some of the essential concerns I have as well.

Mr. Clinger.

Mr. CLINGER. Thank you, Mr. Chairman. This morning's hearing on Passenger Facility Charges could not be more timely as the subcommittee begins to move legislation reauthorizing the Federal Aviation Administration. By most accounts the present airport construction program does not work as intended. Many internal constraints have been inserted into the budgeting process so much so that those of us on this committee understand the underlying source of revenues, the aviation trust fund, has now amassed more than $7 billion in unobligated funds. We all know that growth in the aviation infrastructure has not kept pace with the industry.

The demand is large, but the supply of infrastructure has been limited. Airports in many cities are reaching capacity. The trust fund has had the effect of limiting expansion.

With respect to the trust fund, let me make one point clear from my vantage point. I have not abandoned the goal of spending down the balance. Absent any immediate resolution to this issue, I believe the PFC is a reasonable alternative source of finance. The Passenger Facility Charge, if properly implemented, can be an equitable source of revenues that could shift the industry's reliance away from the aviation trust fund. PFC is not a federal tax. It is a locally imposed tax or user fee whose revenues remain at the local level and are spent on development of new capacity.

I think we must make sure they are spent for development of new capacity. PFC revenues will not be subject to the usual appropriations process. I believe the PFC should be subject to some federal controls to insure that airports are not looked upon by city or country governments as a source of revenues for non-aviation purposes. As Mr. Hammerschmidt indicated, that was one of the abuses that caused us to prohibit them back in the 1970's. During the 1980's, policy-makers in Washington challenged local governments to take a larger role in managing and developing its infrastructure.

In my mind, the PFC gives local governments the option we have so long advocated. Interestingly, it is an option many cities seek authority to use.

Before closing, I want to raise a couple of serious concerns. I know other Members of the panel also have similar concerns that I have regarding a Passenger Facility charge. First, I look upon PFC as a supplemental source of income raised by local governments. It should not be construed as a substitute for Federal funding.

Rather, a PFC would provide a second source of funds. I am concerned the Appropriations Committee or the Office of Management and Budget would view PFCs as a substitute for Federal funding and advocate the reduction of AIP entitlements as a deficit reduction measure.

I think that would be the worst of all possible worlds if this were to be seen as an offset for the federally managed program.

Second, it is my hope, and I share this with Mr. Hammerschmidt, that small and medium-sized airports would receive a guaranteed portion of any AIP funds returned to the discretionary account. Large airports clearly would receive the lion's share of AIP funds. Smaller regional airports would not be able to benefit.

It is the large airports that will clearly find PFCs most advantageous. I believe by giving greater emphasis to small and regional airports from the discretionary account, we can build a more national and a more balanced airway system.

I hope other Members would agree with this view.

I want to express my appreciation to today's witnesses for taking time to appear before today's subcommittee. I share the Chairman's regret and disappointment that we will not hear from the ATA, which clearly is a major player in this operation, and that we should have their input.

But I look forward to the testimony of our witnesses today.

Thank you, Mr. Chairman.

Mr. Oberstar. Thank you very much.

Again, you have raised some very deep concerns that I have as well about this issue and questions that will be explored in the course of the hearing.

I am sure Members have comments to make about the hearing. I ask Members to be as brief as possible. They will certainly have plenty of opportunity to engage with the witnesses.

The Chair recognizes the gentleman from California, Mr. Mineta.

Mr. **Mineta**. I will revise and extend my remarks and submit them for the record.

I would like to follow up on as to why the ATA is not testifying.

Mr. **Oberstar**. They have decided that as an association, there is not a consensus on this subject matter.

Mr. **Mineta**. Mr. Chairman, let's be clear about one thing. We are talking about passenger facility charges, and we are talking about, once again, taxes for the consumer. It seems to me that Congress long ago spoke to this issue by, as was pointed out by our distinguished colleague from Arkansas, Mr. Hammerschmidt, barring airport operators from imposing taxes of their own on passengers passing through their airports.

We have a national tax imposed. We have a national tax collection system. And I think that passengers ought not to be taxed as second time.

Now we have this issue of the PFC before us. We have OMB's version of the Swiss bank account. With $7 billion sitting there. It is no secret.

Yet, we have a budget proposal that has an increase ticket tax request from eight to ten percent, as well as this passenger facility charge. Given the unobligated balance in the trust fund, I don't understand why the Administration is pressing for an increase in the aviation tax from 8 to 10 percent plus allowing local airports to add on their own passenger facility charge.

I would like to hear why.

One of the reasons it bothers me is that airports are part of a—as they keep saying—really part of a national aviation system. Maybe they don't want to be part of this system.

They want to be independent of a national aviation system plan. I don't know what happens to our NAS. We are going to have a Balkanization of the total airport system with everybody doing their own thing.

And as our colleague from Pennsylvania, Mr. Clinger, says, in a few years OMB will say those guys are out there raising their own revenues. Let's reduce the AIP. I can write that scenario right now.

In any event, I am looking forward to hearing all of the witnesses that will be before us with an open mind. When I say "open mind", I don't mean a hole in the head either.

Thank you, Mr. Chairman.

Mr. **Oberstar**. No reasonable person has ever accused the person of the latter.

The gentleman from California, Mr. Packard.

Mr. **Packard**. Thank you, Mr. Chairman.

I, too, am grateful to have this hearing. I think it will address some very, very important issues, and particularly the personal passenger facility charges. they are not without controversy and without differences of opinion.

And I certainly have some concerns that we seem to be on the threshold of imposing or allowing the PFCs to be imposed.

I am, frankly, troubled with several concerns. Let me just enumerate three of them.

I am troubled that this committee may authorize PFCs before we set up a program to spend down the existing Aviation Trust Funds. That has already been addressed.

$7 billion that really could be spent before the need to impose additional resources.

Secondly, I am worried about the absence of a long term and a long range national plan for planning processes for airport development. We simply have not developed a long range plan to develop performance standards for airports specifying where real need of airport capacity exists, identifying those capacity enhancement actions which would most benefit the national air transportation system.

Also helping to bring competitive and otherwise reluctant private and public interest together in working out the remedies for airport congestion. And, of course, we simply don't have a clear road map as to where airport projects should be built.

Thirdly, and finally, I really feel that we are not addressing adequately the delicate political balance between local unions of government throughout our nation. Each member of this committee comes from a local area, from communities within their districts.

They have, many of them, most of them, carefully constructed their own local government structures. They represent diverse local and regional interests.

In many of the communities, the unit of local government which owns and operates the airport is already an influential body. This often causes other local governments to band together against the airport sponsors to insure the non-aviation concerns are fairly considered and addressed.

I am concerned in the rush to approve PFCs, we may upset the balance of local power in some regions. It will increase bonding capacity significantly in many of our airport authorities as much as have a billion dollars or more. These will increase significantly revenue to local governments.

I am looking forward to the hearing, recognizing there are many concerns with the PFCs that we ought not to simply rush to permit this without addressing those very significant concerns.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you for articulating those concerns so well.

The gentleman from Oregon, Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Mr. Chairman, as members of the committee know, Mr. Lipinski and I have introduced for purposes of discussion today, and on the committee, a PFC authorization legislation. We don't come lightly to this end.

As one who normally comes out in the top ten when you rate votes against the President and the Administration and the House, I have normally rated in the top ten. So, I don't lightly jump to support the Administration in its request for PFC nor its other proposals which I don't support, the increase in the ticket tax and the fuel tax.

But, we come to this having looked at the magnitude of the problem that confronts the nation in terms of airport capacity into the 20th, the end of the 20th century and into the 21st century.

We have come to the conclusion, and I believe, in fact, the committee's legislation as very ably constructed by the Chairman shows we will spend the trust fund balance within five years down to a very low amount approximately $1 billion, with the increases and the operations and also with the increased programming of the AIP funds themselves for the purposes for which they are intended.

I don't support the impoundment of these funds. We need to deal with that. The point is after we spend those funds down, there is still going to be some $50 billion of unfunded airport capacity needs out there. The question is, do we begin to deal with those $50 billion now and the inordinate delays now or do we wait five years and begin then when we will have spent another few tens of billions of dollars in delays and other problems and the cost of many of these projects will have inflated dramatically?

I think we have brought forward a balanced proposal, one which meets a number of concerns raised by the Chairman and others. There were past abuses in 1973. I note my own local airport was one of the first ones to hop on with one of the highest PFC charges in the nation.

I am certain those funds were diverted. My local jurisdiction is very good at diverting funds.

The point is now when confronted 17 years later with an airport expansion, what they had to do, as many other airport authorities in this country have had to do, is go out and assess taxes against their taxing jurisdiction which is one city, which constitutes less than 40 percent of the people that use that airport and they cannot raise revenue from the other 60 percent of the people who use that airport.

It is prohibited by law. That doesn't make sense. Because there have been past abuses, should not constrain us from going forward. We need to be creative in range in those abuses.

Our bill would prohibit off-airport use of this money. It would have to be airport related. At the same time raise the PFC to supplant those funds. So we have dealt with that. So I think that this proposal we have brought forward goes to the heart of the debate over the trust funds.

It goes to the heart of the debate over past abuses. And it goes to the heart of balanced taxation of the persons who benefit most from these facilities rather than unfair taxes levied by local jurisdictions on many persons who don't directly benefit.

Their community benefits, and they should pay some share, but they shouldn't carry the whole burden. The airports should have some capability of going a little bit beyond their own local taxing jurisdiction and the best and most direct way to do that is with the PFC.

I look forward to the testimony, and the deliberation of the committee. I thank the Chairman for holding this hearing.

Mr. **Oberstar**. The gentleman from Missouri, Mr. Hancock.

Mr. **Hancock**. I don't think there is any question that there is going to have to be substantial amounts of money raised in some manner to provide airport facilities for not only airlines, but general aviation.

I am going to reserve judgment on the passenger facility charge until we hear the balance of the debate.

I do think that the trust funds must be released before any passenger facility charge program is approved.

Thank you, Mr. Chairman.

Mr. **Oberstar**. I thank the gentleman.

Mr. Laughlin.

Mr. **Laughlin**. Thank you, Mr. Chairman. I have no opening statement.

Mr. **Oberstar**. The gentleman from California, Mr. Bosco.

Mr. **Bosco**. Just a brief statement, Mr. Chairman.

I think virtually every group and entity in the country can make a case for spending more money. I don't think that the airports are any different from that.

What I think our job is to see at what point the straw breaks the camel's back.

The airports have not been shrinking violets, as it is, with taxation. There is a proposal to increase the ticket tax from eight to ten percent. We have the passenger facility charge tax consideration. Fuel charges accrue to the benefit of airports, excise tax. They have this egregious system whereby they tax business entities on gross receipts that are off the airports. Thus, have a pool of funds there to tax people on. So I think that we really have a heavy duty before us to not so much decide what new taxes they need, but perhaps look at the ones that they are already charging and how that fits into a scheme that makes sense for the consumer.

At some point with all these taxes, as much as they can each be justified, you bite the hand that feeds you in the sense of consumers using those airports and being able to afford to fly.

Thank you.

Mr. **Oberstar**. I thank the gentleman.

Mr. Lightfoot?

Mr. **Lightfoot**. Thank you, Mr. Chairman.

I had a wonderful red, white and blue, star-spangled-banner opening statement here that was going to get people up and march around the room. So we can get to the witnesses before noon, I will ask for unanimous consent to revise and extend and say only that if the Aviation Trust Fund was being used for what it was intended to be used, we wouldn't be here having this hearing this morning.

Mr. **Oberstar**. The gentleman's brevity is a model of countenance and insight into the problem.

Mr. Lipsinki?

Mr. **Lipinski**. I will try to duplicate that, but I don't think I will make it.

I would like to take this opportunity very much to thank you for holding these hearings and your cooperation in the matter of the passenger facility charge, an issue of vital importance to my City of Chicago.

Congressman DeFazio and I have introduced legislation which would list the Federal prohibitions on passenger facility charges and allow the Nation's aviation system to provide capacity so desperately needed. We have looked at the necessary elements of PFC legislation, and I think H.R. 5056 reflects many of the concerns of the legislature, the industry and the public regarding PFCs.

This hearing offers a good opportunity to explore the PFC further and guarantee we have the best final product to be incorporated into the reauthorization bill. I appreciate the chairman calling these hearings on short notice.

The fact that we are here today hearing testimony on the PFC demonstrates the chairman's flexibility on the issue and his willingness to work with Congressman DeFazio and I, as well as the Department of Transportation on the passenger facility charge.

We all now the aviation capacity needs of the country have been increasing at a pace unmatched by the Federal resources available under the Airport Improvement Program. I agree with the chairman that the first step in funding these capacity needs must be the full utilization of the Aviation Trust Fund.

I am confident Secretary Skinner realizes this reality and will deliver to spend down the trust fund. I commend Chairman Oberstar for his vigilant leadership in securing this long-time goal of the Public Works and Transportation Committee.

However, I think we all agree that even full use of the Aviation Trust Fund would not sufficiently fund the needs which already exist throughout the system. Nowhere is this more clear than in the City of Chicago. It is expected that AIP funding will only provide for a quarter of the airport improvements necessary at Chicago's O'Hare and Midway Airports. Increased trust fund spending would have little impact on these figures, particularly since O'Hare is subject to the $16 million entitlement cap.

These needs are mirrored in cities and airports across the Nation. It is clear an additional source of revenue is necessary. The passenger facility charge is the answer. I look forward to the hearings and continuing to work with the chairman and members of the committee on the PFC.

I also request permission to revise and extend my remarks.

Congressman William O. Lipinski
Subcommittee on Aviation Hearing on Passenger Facility Charge
June 19, 1990
9:30 AM

Opening Statement (Short Spoken)

Mr. Chairman. I would like to take this opportunity to thank the Chairman for holding these hearings and his cooperation in the matter of the Passenger Facility Charge, an issue of vital importance to my city of Chicago. Congressman DeFazio and I have introduced legislation which would lift the federal prohibition on passenger facility charges and allow the Nation's aviation system to provide capacity so desperately needed. We have looked closely at the necessary elements of PFC legislation and I think H.R. 5056 reflects many of the concerns of the legislature, the industry, and the public regarding PFC's. This hearing offers a perfect opportunity to explore the PFC further and guarantee we have the best final product, [hopefully] to be incorporated into the Reauthorization bill.

I appreciate the Chairman calling these hearings on short notice. The fact that we are here today hearing testimony on the PFC demonstrates the Chairman's flexibility on the issue and willingness to work with Congressman DeFazio and I, as well as the Department of the Transportation, on the passenger facility charge.

We all know the aviation capacity needs of the country have been increasing at a pace unmatched by the federal resources available under the Airport Improvement Program. I agree with the Chairman that the first step in funding these capacity needs must be the full utilization of the Aviation Trust Fund. I am confident that Secretary Skinner realizes this reality and will deliver the spend-down of the Trust Fund. I commend Chairman Oberstar for his vigilant leadership in securing this long time goal of the Public Works and transportation Committee.

However, I think we all agree that even full use of the aviation trust fund would not sufficiently fund the needs which already exist throughout the system. Nowhere is this more clear than Chicago. It is expected that AIP funding will only provide for a quarter of the airport improvements necessary at Chicago's O'Hare and Midway airports. Increased trust fund spending would have little impact on these figures, particularly since O'Hare is subject to the $16 million entitlement cap. These needs are mirrored in cities and airports across the country. It's clear that an additional source of revenue is necessary. The Passenger Facility Charge is the answer.

I look forward to the hearing and continuing to work with the Chairman and Members of the Committee on the PFC.

(Ask permission to advise and extend remarks as well, so you can submit a longer statement for the hearing record.)

Mr. **Oberstar**. Without objection, so ordered.

The gentleman from Oklahoma, Mr. Inhofe?

Mr. **Inhofe**. Mr. Chairman, just an observation. I think there is a general feeling that when you have these hearings, all the minds are already made up, and it doesn't make any difference what is said.

There is no better evidence that this is not true than the hearing we are having today. I personally talked to a number of members of this committee who have not decided. I fall into that category myself.

This weekend, I participated in a meeting with Representative Hancock in his District in southwest Missouri. There are several hundred people there. I don't think there was a general consensus as to what their feelings were.

They are divided down the middle. They want to know how is it going to affect the smaller airports. Having been Mayor of the City of Tulsa, where the Mayor does appoint the members of the airport authority and has a lot of influence, I was very active in trying to fund the needs of Tulsa International Airport and our secondary airports.

It is a difficult thing. I recognize the need for increased capacity, bond capacity for financial purposes. It is the backbone of our potential growth in coming out of a recession that we have in Oklahoma.

I know that is important. I know there is valid argument for the ability to spend funds and spend those funds where the local governments know where they need to be spent. When I listen to the argument of is this another tax increase, that we are copping out in passing off to someone else to take the heat for, there is truth to that.

The fact that any kind of tax coming along at all at this point is something we have to look at very closely. I fall in the category of the number of people who really are undecided on this issue and look forward to these hearings, Mr. Chairman.

Mr. **Oberstar**. I thank the gentleman for that very candid statement.

Mr. Skaggs, the gentleman from Colorado?

Mr. **Skaggs**. Thank you, Mr. Chairman.

I wish I put my thoughts in writing so I could follow Mr. Lightfoot's example here. Just a couple of comments. One, I am curious as to why we will not benefit from the testimony of the Air Transportation Association? I don't know whether there is an interesting story to go with your opening remarks on that, Mr. Chairman.

Mr. **Oberstar**. There undoubtedly is.

Mr. **Skaggs**. Excuse me?

Mr. **Oberstar**. The story probably cannot be repeated in polite company, however.

Mr. **Skaggs**. I thought if things get slow during the course of the day, you might fill in with that. Secondly, I am among those who feel that we really need to make sure that any PFC that is authorized is limited to those improvements that benefit the entire traveling public.

I am skeptical of land-side, if you will, matters being included, and would be interested in the comments from the witnesses on that as well as their thoughts about how we might make sure that any authority to proceed with PFCs is properly conditioned on living up to the pledges that we now have that the trust fund balance will be spent down.

Thank you, Mr. Chairman.

Mr. **Oberstar**. I thank the gentleman for those observations.

The gentleman from Tennessee?

Mr. **Duncan**. I have no opening statement.

Mr. **Oberstar**. Thank you.

The gentleman from Tennessee, Mr. Clement?

Mr. **Clement**. Due to time constraints, Mr. Chairman, I would like to revise and extend not only for myself, but also my colleague, Congressman L. F. Payne from Virginia.

Mr. **Oberstar**. The standing of the two gentlemen just increased in this committee.

[The statement of Mr. Clement follows:]

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THE HONORABLE BOB CLEMENT
OPENING STATEMENT
BEFORE THE
SUBCOMMITTEE ON AVIATION
HEARING ON
PASSENGER FACILITY CHARGES
JUNE 19, 1990

MR. CHAIRMAN, I WOULD LIKE TO COMMEND YOU TODAY FOR CALLING THIS VERY IMPORTANT HEARING ON PASSENGER FACILITY CHARGES. OUR NATION'S AIRPORTS ARE IN A CRISIS. MANY AIRPORTS ARE SERIOUSLY CONGESTED AND THE FAA PROJECTS THAT MANY MORE WILL BECOME CONGESTED UNLESS GREATER INVESTMENT IS MADE IN EXPANDING AIRPORT FACILITIES. PASSENGER DELAYS COST AIR TRAVELERS AND AIRLINES ABOUT $5 TO $6 BILLION EACH YEAR DUE TO LOST TIME AND WASTED FUEL AND CREW EXPENSES, NOT TO MENTION THE LOSSES TO OUR LOCAL AND NATIONAL ECONOMIES.

LAST WEEK OUR SUBCOMMITTEE REPORTED LEGISLATION WHICH AUTHORIZED THE AIRPORT IMPROVEMENT PROGRAM FOR NEXT YEAR AT $1.8 BILLION. TENNESSEE AIRPORTS ALONE NEED $435 MILLION IN CAPITAL IMPROVEMENTS AND EXPANSION PROJECTS OVER THE NEXT FIVE YEARS FOR NOISE MITIGATION, RUNWAY AND AIRFIELD EXPANSION, AND SAFETY AND SECURITY PROJECTS. NATIONWIDE, AIRPORTS NEED $10 BILLION EACH YEAR TO FINANCE NECESSARY EXPANSION. OBVIOUSLY, THE AIRPORT IMPROVMENT PROGRAM ALONE WILL NOT BE ABLE TO ADEQUATELY FUND TOTAL SYSTEM NEEDS.

CURRENTLY, TENNESSEE AIR CARRIER AIRPORTS RECEIVE ABOUT $12.4 MILLION IN AIRPORT IMPROVEMENT PROGRAM ENTITLEMENTS. A $3 FEE TO PASSENGERS COULD RAISE OVER $28 MILLION EACH YEAR. IN ADDITION, THE $3 FEE WOULD SUPPORT UP TO $235 MILLION IN BONDS. THESE FUNDS WOULD GO DIRECTLY INTO LOCAL PROJECTS TO IMPROVE TENNESSEE AIRPORTS, EXPAND CAPACITY, AND REDUCE DELAYS, AND THE MONIES WOULD NOT PASS THROUGH FEDERAL HANDS NOR BE TIED UP IN THE TRUST FUND.

BEFORE CLOSING MR. CHAIRMAN, I WOULD LIKE TO EXPRESS MY SINCERE APPRECIATION FOR YOUR EFFORTS IN ALLOWING THE PRESIDENT OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY, GENERAL WILLIAM MOORE, TO TESTIFY BEFORE THE SUBCOMMITTEE ON AVIATION. GENERAL MOORE HAS APPEARED BEFORE THIS SUBCOMMITTEE A NUMBER OF TIMES IN THE PAST AND I CERTAINLY LOOK FORWARD TO HEARING HIS TESTIMONY THIS MORNING.

[The statement of Mr. Payne follows:]

STATEMENT OF HON. LEWIS F. PAYNE, JR.

Mr. Chairman, thank you very much for calling this hearing today about the desirability of allowing airports to impose passenger facility charges. I particularly appreciate this opportunity to review how such a charge might be administered.

I am sure we have all heard individually of the necessity of allowing airports the flexibility to impose such a charge. However, I do have some concerns as to whether or not we should allow such action when we have a surplus in the Trust Fund.

In previous hearings, we have heard that airport volume represented approximately one percent of the total tax-exempt municipal market volume for the years 1985–1989. We have also heard that projected future airport development costs for the years 1991–1995 would be approximately $10 billion per year. If this need were financed, airport debt would only represent approximately 6½ percent of the municipal market volume. The First Boston Corporation testified that an increase in volume of airport revenue bonds or general obligation bonds should not be a deterrent to accessing the capital markets so long as the airport can sustain the debt service. I am interested in learning more about the sufficiency of current and projected cash flow to cover the debt service.

I believe that it is extremely important to evaluate all possible means of providing airports with opportunities to expand and make necessary airport improvements. I have cosponsored Congressman Skaggs bill which would establish a program for guaranteeing the repayment of principal and interest on loans, bonds and other securities to finance projects to expand the capacity of airports.

I thank my colleagues, Congressman DeFazio and Congressman Lipinski, for introducing passenger facility charge legislation, and I welcome this opportunity to review this proposal further.

Mr. OBERSTAR. The gentleman from Georgia, Mr. Lewis?

Mr. LEWIS. Thank you, Mr. Chairman. I will be very brief.

Mr. Chairman, first of all, I would like to thank you for holding this hearing. But I must tell you that I have serious reservations about this proposal in light of the Administration's unwillingness to spend down the Aviation Trust Fund.

I am going to listen to the witnesses. I am one of these undecided members. Thank you, Mr. Chairman.

Mr. OBERSTAR. I thank the gentleman very much. I appreciate his insight. I think that is a view shared by a great many members of the committee. I look forward with great interest, but with open mind on the testimony about to be delivered.

The Chair would ask unanimous consent to include in the record an opening statement by our colleague, Mr. Costello of Illinois. Without objection, so ordered.

[The statement of Mr. Costello follows:]

STATEMENT OF U.S. REPRESENTATIVE JERRY COSTELLO, ILLINOIS

Mr. Chairman, we are here today to examine the issue of Passenger Facility Charges, which will certainly be relevant when we continue our discussion of your bill, H.R. 4986, at the full Committee level. I thank you and the Ranking Member, Representative Clinger, for allowing us to examine the role of PFCs in depth before further action is taken regarding these fees.

While I myself am supportive of PFCs, there are several issues regarding the implementation and extent of these charges which we need to examine. Should the federal government limit the uses to which PFCs can be put? If so, what uses are appropriate? Should the use of PFCs have any effect on an airport's entitlement funding from the Airport Improvement Program? How much should airports be allowed to charge for use of their facilities?

I look forward to our discussion today, which should lead us toward a coherent and well-thought out policy on Passenger Facility Charges. Again, I thank you, Mr. Chairman, for your efforts to open discussion on this matter.

Mr. **Oberstar**. Now the Chair is ready to take testimony of our opening panel: Mr. Clifton Moore, Executive Director of the Department of Airports, City of Los Angeles; Mr. Kent George, Director of Aviation, Quad City Airport at Moline, Illinois; Mr. George Howard, President of the Airport Operators Council International; Mr. Charles Barclay, Executive Director, American Association of Airport Executives.

Gentlemen, welcome to the hearing. I hope your testimony will be able to respond to many of the concerns voiced by the committee members.

Mr. Moore?

TESTIMONY OF CLIFTON MOORE, EXECUTIVE DIRECTOR, DEPARTMENT OF AIRPORTS, CITY OF LOS ANGELES, ACCOMPANIED BY KENT GEORGE, DIRECTOR OF AVIATION, QUAD CITY AIRPORT, MOLINE, IL; GEORGE HOWARD, PRESIDENT, AIRPORT OPERATORS COUNCIL INTERNATIONAL; AND CHARLES BARCLAY, EXECUTIVE DIRECTOR, AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

Mr. **Clifton Moore**. We want to thank you, Mr. Chairman, for holding this hearing and giving us the opportunity to discuss with you and the subcommittee the need for passenger facility charges. For the members of AOCI and AAAE across the country, no other issue before Congress can so dramatically benefit the future of our airport system and air travel.

Aviation growth and resultant airport capacity and delay problems: You have heard us and others on previous occasions discuss the serious airport capacity and delay problems we face throughout the country, and how airport congestion will only get worse and stifle our aviation system unless Congress does something dramatic, and soon.

If we may, Mr. Chairman, we would now like to show the subcommittee a short video presentation which highlights airport congestion and funding needs.

[Videotape presentation.]

Mr. **Clifton Moore**. Since airline deregulation was introduced, the number of passengers using the U.S. aviation system has increased by 74 percent. A direct result of this unprecedented growth is that in 1987, 21 major airports each exceeded 20,000 hours of airline flight delays.

These airports account for almost 57 percent of all passenger boardings. By the year 2000, the number of airline passengers is expected to nearly double. Without capacity improvements or substantive changes in the time or location of travel, 42 airports and 76 percent of all passengers, equaling 600 million travelers or the combined populations of the United States and the Soviet Union, could experience significant, capacity-related delays by the end of this decade.

A recent AAAE-AOCI survey revealed that total airport capital needs nationwide are approaching $50 billion over the next five years, an average of $10 billion annually. Of the $50 billion in airport needs, approximately 60 percent, or $6 billion per year, is eligible for Federal funding, far more than the current $1.8 billion airport grant authorization and the President's fiscal year 1991 budget request of $1.5 billion.

Current capacity shortages are clearly driving the bulk of airport capital development plans. Approximately 75 percent to 85 percent of the total projects are needed to increase capacity and expand the airports.

Roughly 5 percent are related to safety and security enhancement, while approximately 10 percent are needed to build airport facilities and preserve existing capacity.

Mr. Chairman, not only is the efficiency and productivity of the aviation industry and those who rely on it at stake, but so are the national and local economic benefits that airport development and aviation activity generate.

The Partnership for Improved Air Travel, PIAT, which was established by the U.S. air carrier industry, conducted a study last year on the economic impact of aviation. Their study showed that our commercial service airports nationwide generate annually some $450 billion in economic activity, $133 billion in wages and salaries, and over 7 billion jobs.

Los Angeles International Airport, we estimate has a regional economic interest of $330 billion and 33,000 jobs. The cost of adequately funding our airports is far outweighed by the price we pay for not investing in our airports.

It is ironic that airports have become, in effect, the victims of deregulation's success. The positive benefits that have resulted from the Federal Government's freeing the airlines of Federal regulation—i.e., more air travelers, better air service and tremendous traffic growth—have choked the existing airport infrastructure because Congress did not also free airports from the pre-deregulation prohibition against passenger facility charges, denying us the ability to raise needed capital funds directly from air passengers.

Air travelers are the users that most directly drive the need to build and expand airport facilities and who benefit from improvements and new capacity. Local governments were thus left to finance and build needed airport capacity in response to rapid aviation growth without a critical revenue source. Serious congestion and delay problems have spread throughout the aviation system because our Nation's airports are overcrowded and underfunded.

Just as the airlines must undertake major capital purchases to keep pace with traveler demand, so must the airports be able to fund their 10 billion in capital improvement to provide for increased travelers and new aircraft.

Some will argue PFCs are not necessary because the bond market can provide greater airport financing, and the airlines will support projects that are needed. First, bonding is not a revenue source, but rather a means of debt financing that must in turn be repaid out of future airport revenues.

Their argument ignores the existing impediments to airport borrowing and the fact that airports typically are contractually required to obtain approval of air carriers before they can increase landing fees and other charges, issue bonds or undertake capital improvements.

But even if the airlines will support projects that they decide are needed, and I emphasize that they decide are needed, based on their short-term competitive interest, they will not necessarily support other important projects that the airport and air travelers need.

Even the largest airports do not have the ability to access the capital market on an unlimited basis. Therefore, it is imperative that airports have a revenue source they control. It makes good sense that those revenues should come directly from the users of the airport system.

Airports will continue to rely on bond financing, but clearly airports will not be able to incur substantially greater burdens without a new revenue source to repay that debt.

We commend the Administration and Secretary Skinner for their leadership on this issue. We also want to express the strong support of AAAE-AOCI for the PFC legislation, H.R. 5056, that has been introduced by Congressmen Lipinski and DeFazio. Their bill embodies many elements about the Administration's proposal and the recommendations of the Airport Capacity Funding Advisory Committee on which I have had the privilege to participate with other airport, airline and industry representatives.

AAAE-AOCI believe that H.R. 5056 is a solid and well-balanced approach that should be adopted by this subcommittee and Congress.

I would now like to outline our specific recommendations for an effective PFC program. First, all airports should have the option of imposing PFCs while continuing to participate in the AIP program with PFC maximum level.

We agree with the Administration and the advisory committee that say airports should be permitted to charge up to a maximum of $3 for enplaned passenger based on their project financing needs.

The Secretary of Transportation should be able to raise the cap periodically to adjust for inflation and rising airport development costs. The Secretary should also be permitted to grant waivers of the PFC cap on a case-by-case basis for airports where PFC revenues are less than forecasted, or for major capacity projects and for new airports.

Both originating and connecting passengers, that is, those that change planes, should be subject to the charge, since they each place demands on airport facilities.

Process for imposing PFCs. Commercial airports seeking to impose a PFC should have to prepare a capital improvement plan that identifies proposed projects and the level of PFC required to fund them.

The air carriers would be consulted on the PFC plan, giving them the opportunity to influence the plan and projects and also to fund the projects directly through additional rates, fees and charges or by backing bonds.

Thus, the airlines will have the opportunity at individual airports to fund the projects through traditional financing mechanisms if they believe that a PFC is not needed.

Before imposing a PFC, each airport would submit its plan to DOT/FAA for review. The Secretary would have the power to disapprove all or part of a plan to the extent it does not meet the Federal eligibility requirements. This gives the airlines an additional opportunity at the Federal level to object to the plan or specific projects, and urge the Secretary's disapproval.

If the Secretary does not disapprove the plan within a specified time frame, the airport could proceed to impose a PFC. The DOT/FAA review would enable the Department to commit Federal funds to those projects in the plan that are AIP-eligible.

The Secretary should also have the power to review and audit the airport's use of PFC revenues and terminate an airport's right to impose a charge if, after a hearing, he determines that the PFC revenues are being used for an unauthorized purpose.

PFC project eligibility. Airports should expend PFC funds for airport-related projects and debt service that enhance capacity, safety, security or noise mitigation. PFC should not be limited to AIP-eligible project, since that would preclude critical facilities that can enhance competition.

Access roads and other transportation systems that are needed to efficiently move passengers and cargo to and from the airport should also be eligible, since land-side congestion is a growing problem at many airports and cannot adequately be addressed through current funding mechanisms.

If Congress determines it is in the national interest to impose PFC in order to fund capacity, safety and security improvements, Congress should not permit the airlines to impede the imposition or use of PFCs by existing lease or use agreement by which they exert control or veto power over airport expansion.

PFC must not be considered "airline" money. PFCs represent monies paid by air travelers which they entrust to the local airport authority to spend for capital improvements. It is the airport operator's responsibility to build and improve the entire airport facility, not just for the benefit of the airlines, but for the benefit of air travelers and the community.

PFCs will enable airports to respond to the long-term needs of travelers and local citizens rather than just the short-term interest of the airlines.

In order to ensure the ability of airports to help foster and promote airline competition at their facilities, Congress should not allow dominant airlines to use their muscle to force airports to give up or restrict their right to impose PFCs.

Otherwise, we will be left essentially with the status quo and the efforts to obtain PFCs, at least at many airports, will be for naught. We do not believe the Federal Government should permit State or local governments to limit an airport's ability to collect a PFC beyond the limits set by Federal law.

I would like to ask Kent George to describe the benefits of PFCs over small airport, and the relation to the PFC program.

Mr. George. Thank you for allowing us to testify today. As a small airport operator, I can foresee significant benefits from PFCs to the passengers who fly into my facility and others like it. In the few moments I have today, I would like to focus my remarks on the relationship between PFCs, the Federal Airport Improvement Program, otherwise known as AIP funding.

First, the Federal dollars provided through the current and soon to be reauthorized Airport Improvement Program are important to all sizes of airports. Unfortunately, however, they will be woefully inadequate to cover the $6 billion in annual AIP-eligible projects needs that the FAA identified.

For years, we have supported this committee's stand in spending down the surplus in the trust fund and applaud your efforts to do so in a new reauthorization bill. As much as we would like to see the surplus spent for airport projects, we recognize that there are other legitimate aviation system needs competing for these same trust fund dollars.

It is my understanding the reauthorization bill that this committee has just approved would draw down the surplus by providing substantially greater funding for air traffic control modernization and FAA operating expenses.

However, this policy decision leads to the inevitable results that the trust fund will not be the source of significant funding increase for airports, small or large.

Therefore, it is imperative that PFCs be considered approved at the same time an increased AIP program is reauthorized. It is important, though, that PFCs not be viewed as a replacement source of funds for AIP dollars, but as a supplemental to those dollars.

Our capital needs survey results demonstrate to us the airports need both increased AIP funding and PFCs. H.R. 5056 recognizes this by allowing all airports the option of imposing PFCs while continuing to participate in the AIP program.

This bill would also make the AIP program more effective by redistributing limited AIP dollars. Under its provision large and medium airports which choose to impose PFCs must forego 50 percent of their AIP entitlement funds. Those funds must be reallocated to increase AIP discretionary funds.

By increasing available discretionary dollar all airports, particularly smaller facilities, would have access to a greater pool of money. This will help overcome present AIP problems whereby smaller airports have great difficulty competing for discretionary funds given the allocation system of the FAA and the significant needs of larger airports.

Additionally, the sponsors of H.R. 5056 recognize that small airports will not generate as much PFC revenue as their larger counterparts, and therefore, have allocated for small and non-hub airports to keep all the entitlements, should they impose a PFC.

Under this proposal, if the Quad City Airport imposes a $3 PFC, an additional $1 million would be available to be utilized in conjunction with the Federal airport entitlement funds of $1.2 million for capital improvement needs. This is an 80-plus-percent increase, and access to discretionary funds is still available.

We strongly support enactment of H.R. 5056, and ask for your help. By giving airports the option of assessing a PFC, Congress would be taking the single most important step to provide the funding airports must have if we are to meet current and future demands of the traveling public.

Simply put, without PFCs, airline delays, passengers' inconvenience and industry concentration would undoubtedly worsen over the time.

Finally, let me emphasize that we as local government representatives are willing to take responsibility for raising user fees on the local level for new airport capacity and safety improvements.

But Congress must first repeal existing laws to enable us to do so.

Again, thank you. We will be glad to answer any questions.

Mr. **Oberstar**. Thank you, Mr. George.

Mr. Howard, Mr. Barclay, do you have separate comments?

Mr. **Barclay**. No, sir.

Mr. **Howard**. No, sir.

Mr. **Oberstar**. First, let me specify some figures.

In your testimony, you estimate that PFC that would generate $1.3 billion a year would be able to leverage $10.6 billion in bonding. That is taken from your statement. I assume you have calculated out that is what you can raise on the bond market. 1.4 billion that you get under the AIP program this year, and the 1.8 that you will get next year would leverage additional bonding capacity as well.

Or are you talking about two different things? I want to get a fix on how much money is going to be generated. On an annualized basis, in the meetings that we started way last November and continued into this year, $3.2 billion in bonding authorities, the figure generally used, in addition to the amount you are getting out of the FAA budget, the 1.4 and the 3.2 and the 10.6 all different numbers? Are they the same numbers on multiples of one another, or what?

Mr. **Barclay**. Mr. Chairman, the two key numbers are the 1.4 of AIP money is just straight you can do 1.4 billion of construction that year. You can't use AIP dollars to back bonds. Bond buyers wouldn't accept Federal Government grants as backing for bonds. You can't leverage that money.

Mr. **Oberstar**. On their own, airports float collectively about $3.2 billion in bonds each year to meet airport needs; right?

Mr. **Barclay**. That was really a record year. All of that bonding has to be backed by other revenue sources such as landing fees.

Mr. **George**. Or general obligation of the taxpayers within the community.

Mr. **Oberstar**. How much of the funding comes out of, or is based by GO authority?

Mr. **George**. It depends, Mr. Chairman, whether that is a GO bond issue or it is a revenue bond issue floating to fund the improvements at the airport. The revenues are backed by the airlines or concessionaires or whatever. And the development for various improvements would be something that you could get a little bit lower rate.

Mr. **Oberstar**. That would be generally the smaller airports and smaller communities associated with those airports that would use GO bonding to cover——

Mr. **George**. That is correct. They would have the ability to be able to leverage.

Mr. **Oberstar**. They don't generate the other airport revenues.

Mr. **Mineta**. Mr. Chairman, would you yield on that point?

In your community, as an example, do general obligation bonds that may be sold by the authority, require a vote of the people?

Mr. **George**. In the Quad Cities, the Metropolitan Airport Authority in Rock Island County is a municipal body ourselves. We are part entity of the State. We have the ability to float general obligation bonds to a certain level. Once it goes beyond that level, it must be voted on by the populace within the area.

Mr. **Oberstar**. That would not be the case with, say, Chicago or Los Angeles.

Mr. Moore, you would not have to go to the taxpayers?

Mr. **Clifton Moore**. If GO bonds were to be used in our community, it would require a vote of the people.

Mr. **Oberstar**. You don't use that authority very much?

Mr. **Clifton Moore**. The reason we do not is our City Council in the fifties put on the ballot a charter member which created revenue bonding power for the commission and would not support GO bonds any longer, because their whole drive was to make the airport financially self-supporting.

Mr. **Mineta**. In the State of California, in order to issue any general obligation bond, it requires a vote of the people and approval by two-thirds vote.

Mr. **Oberstar**. That is not very much use.

Mr. **Mineta**. It can be used. I used it in 1971 to get airport improvements and other projects which involved close to 3 million in bonds. That was a tough vote, but people were willing to tax themselves at that time.

Mr. **Clifton Moore**. I would like to point out that at an airport like Los Angeles International, it has been so, and for such a long period of time, independent of general obligation bonds, it is unlikely it could be perceived by the voting community as in need of GO bonds.

It would be a difficult thing to sell and almost insurmountable with the two-thirds majority required.

Mr. **George**. Whereas in the small community, we are almost forced to have to use general obligation bonds and go to the populace.

Mr. **Oberstar**. There, people can see very direct benefit and are willing to support it. I am trying to get an understanding of total system financing. The FAA contemplated, in the bill the committee reported out last week, and which will be backed by the Appropriations Subcommittee and reported by the full committee, a fiscal year 1991 FAA budget of $8.5 billion, plus a few million.

In addition to that, airports will spend roughly an additional—up to $3 billion or so, projected in bonds raised in a bond market; is that correct? 2.5 to 3 billion?

Mr. **Howard**. That is a high mark for probably something under 3 on the average.

Mr. **Oberstar**. From what I have seen so far in the reports on airport financing, you are headed toward $3 billion-plus this year in bonding from the bond issues already floated?

Mr. **Barclay**. If I could, though, you are mixing current year revenue streams with total bonding authority. You really can't do that. In other words, just as we said, 1.3 billion in PFC money can back $10 billion worth of bonds, it means you can do $10 billion of construction this year. Your current revenue stream is still only 1.3 billion. You have to raise that amount of money every year over the next 10 years while you are paying off those bonds.

So, you have a continuing need for an annual revenue stream when you back a bond. The same is true of the 3.2 billion. You need 320 million every year raised in revenues to back those bonds.

Mr. Oberstar. I understand. I appreciate the clarification. It may be oversimplification, but I think it is very important for us to understand, for the public to understand the magnitude of the cost involved in financing the system.

8.5 billion-plus, if you get up to in the range of $3 billion, that is $11-plus billion. A PFC on top of that would be $1.3 billion. You are talking close to $13 billion in total system financing. But $2 billion of that will come out of general revenues of the Federal Government.

Users are paying on a total system basis almost as much for airport financing as they are in the interstate highway system on a percentage basis. The argument that users ought to pay is sustained by the numbers in just this brief recitation.

Users certainly are paying the cost of the system. I think that has to be stated. What is the universe of dollar amount we are talking about? One of the arguments in support of a PFC is that airlines at various airports have contractual rights to stop capital development that they don't agree with or that they think is in excess of needs.

In some cases they feel capital development may benefit potential competitors. That is an argument particularly strong at single-carrier-dominated hubs. I have asked the question in the past whether that concern is theoretical or practical, whether there are instances in which airlines have, in fact, refused to underwrite capital development because it would, in fact, benefit their competitors.

Mr. Clifton Moore. Mr. Chairman, let me give you one specific example. The Los Angeles Department of Airports years ago acquired Ontario International Airport with, I would say, not much more than lukewarm support on the part of the airlines at that time, although they do not oppose it.

Over the years, however, they were reluctant to agree to capital investment in that facility. Most recently, we have been attempting to add 33 gates and a major new terminal there. Because of the—our inability to get enough carriers to agree, the project was delayed for several years, so long in effect that the EIR was invalidated and had to be redone.

In the intervening period, we were able to get approval of the final two carriers, but only when congestion has become so heavy it became apparent to anyone looking at it that new gates and new terminals were desperately needed in order to relieve the tremendous congestion.

It became a matter of great public concern. On the other hand, had the city been able to build those facilities at the time it wished and felt it was necessary based on our planning, we would have avoided the congestion and delays occurring all the time at Ontario Airport at the present time.

Mr. Oberstar. For example, at, let's say, Detroit or St. Louis, where Northwest and TWA, respectively, have hubs in which they are the dominant carrier, is there any evidence that those carriers have intervened to prevent development because it might benefit the potential competitor of that hub?

Mr. HOWARD. I think that by way of giving you more of a general overview of this, Mr. Chairman, in our 1990 survey of capital needs, we asked airports if they had an MI clause into their airline use agreements, and if airports had to defer, cancel or modify major projects as a result of airline exercising such power.

It also asks whether the airport did not seek airline approval of needed projects because of low probability of obtaining such approval. The airports that responded, a dozen or so, indicated that airline control impeded major projects.

An equal number of airports said that the projects had been deferred or cancelled. A few airports did not even seek projects because of the concern that they had over airline control.

We have other examples——

Mr. OBERSTAR. It was more implied threat than an actual exercise of pressure.

Mr. HOWARD. I think that is true in many cases.

Mr. OBERSTAR. The short-form answer to my question is you don't know whether there was any evidence that in those two situations, which I took as hypothetical examples, simply because those two carriers have such dominant positions at those two airports, you don't know whether they have ever outright stopped a project that would benefit a competitor?

Mr. HOWARD. No. I think that the point here is that in all of these cases, these projects have either been held up, delayed at a considerable cost to the passenger and a cost to the community and the airport.

How these airlines worked competitively against each other in individual situations, it is difficult always to discern. But it is not surprising that they would. In this era of deregulation, the airlines have to do their thing. They are out there in the marketplace competing. They are anxious to control gates, to control facilities.

We believe that one way to be pro-competitive in this business for airports is to provide facilities for everybody. We are not surprised that airlines act competitively, but we need to provide a more competitive marketplace.

Mr. OBERSTAR. In short, the thrust of your statement is that because airlines have the potential ability to block a project, airports generally restrain or feel themselves restrained from advancing certain projects?

Mr. HOWARD. They are actually constrained. I think the Denver project itself has been negotiated with the airlines for the last five years. It is a project which, if there had been guarantees of revenues that Denver could have used, such as a PFC to apply to a Denver project, it would have been built, or at least it would have been started probably now.

And we would not have incurred the delays in that project which we are now experiencing.

Mr. OBERSTAR. Under the proposal that AOCI is advocating, the Department of Transportation would not be able to disapprove a PFC proposal so long as the project involved is eligible for PFC funding or AIP funding. If that were enacted, what protection would the traveling public have against being taxed to support capital development that may be unnecessary or from the standpoint of a national transportation system, undesirable?

Mr. **Clifton Moore**. I think, Mr. Chairman, with regard to the question of frivolous expenditures, first, in the Act, 5056, a consultation is required. Secondly, the overview and tacit approval of the Secretary is required. It is highly unlikely that in any of those events that a project which could be considered inappropriate could pass all of the barriers.

The whole intent and thrust of that particular legislation is to provide the pathway. The essential difference in the pathway is that we are not seeking the revenues directly from the carriers, but rather through your permission.

Mr. **Oberstar**. As I understand your proposal, the Secretary would not rule on the merits of a particular project.

Mr. **Clifton Moore**. The Secretary, as I understand it, has the ability not to approve the project.

Mr. **Oberstar**. Only within a very narrow ambit. Not for consideration of the merits of the project.

Mr. **George**. Mr. Chairman, we have a process we go through with the ALP, airport layout plan, that goes to the FAA, which then the Secretary approves.

All construction that you would be doing has to be approved through that process.

Mr. **Oberstar**. Would you be—would it be your response to modification of the proposal to include some broader authority for the Secretary to rule on the merits of projects themselves?

Mr. **Barclay**. We think checks and balances make these decisions pretty well. We continually hear about Taj Mahal. We say give us specific examples. Where is the Taj Mahal that has been built by a local community?

Mr. **Oberstar**. I think it is clear most airports have underbuilt rather than overbuilt. I am looking for your response to the proposal that was included in the task force report which differs from apparently the direction of your proposals.

I yield to the gentleman.

Mr. **Mineta**. Just on the basis of Mr. Moore's response, it seems we ought to support the increase of the passenger ticket tax from 8 percent to 10 percent. Why go into a dual track system? I am going to have these projects that are going to be AIP financed, I am going to have these that are going to be PFC financed.

They still have to go through the funnel in the Secretary's office. You are going to have a dual track system. These are the rules that apply to PFC. These are the rules that apply to AIP. And you are going to sit there and try to finance, okay, bathrooms come under AIP. While gates will come under PFC.

And if you are going to go forward with an application for some $30 million project, why go through those hoops and go after these hedgerows when you have one system very clean right now? You want to go into what is eligible for activities, what is not eligible? Yes, it is, no, it ain't.

I yield back.

Mr. **Clifton Moore**. Mr. Chairman, I think the response to that is that the imposition of the PFC in a local environment results in the most efficient use of the $3 or whatever the number is that is collected. The maximum amount can be directly returned to fund the project without passing through the review process.

Now, I would submit there may be some way around that, but I have not seen it in the existing AIP process. And I would think that to tax generally every ticket nationally to solve local concerns is a less efficient way of deriving the capital.

Mr. MINETA. If the gentleman would yield?

Are funds fungible? Are funds fungible?

Mr. OBERSTAR. Can you move money around from one project to another?

Mr. CLIFTON MOORE. My understanding of the concept of what we are proposing is that they be project-specific. I would assume that you could concoct an arrangement where if it was an over in one and under in another and they were both eligible, there might be a method to transfer from one project to the other, but only for those that are approved and to make most efficient use of the capital and avoid additional charges being levied.

If the thing is carefully enough done, the process would prevent overcharging and overbudgeting those amounts.

Mr. GEORGE. Mr. Chairman?

Mr. OBERSTAR. Mr. George.

Mr. GEORGE. We should go back maybe to the history as maybe a more direct answer to Mr. Mineta. Back in the early part O&M was only 10 percent and our 8 percent then went to Washington. Now we have got 7-plus billion dollars in the fund. We are talking about 75 percent of O&M funding. Now we are talking about putting another 10 percent on and laundering it. And where the $3 ticket charge, the PFC would then come directly to the airport and be able to use directly for the improvement at the airport and be able to leverage future improvements at the airport.

Mr. OBERSTAR. Already a lot of questions about this. I have taken more time than I intended to. I have a number of other questions relating to off-airport projects and light rail and highways to the airport and so on that I will raise later.

I recognize Mr. Clinger at this time.

Mr. CLINGER. Thank you, Mr. Chairman.

I thank the gentlemen for your testimony. I think we all share your frustration. Certainly this subcommittee shares the frustration that we feel we have developed an enormous surplus in the trust fund which we don't seem to be able to spend for the purpose which it has been collected.

If we can accomplish what the Chairman has been successful in accomplishing, which is a commitment to spend down the trust fund, doesn't that obviate the need for a PFC? That is, if we do get the commitments to spend down the trust fund, why then would we need the PFC?

Mr. CLIFTON MOORE. Might I give you a quick example. At Los Angeles we are going through the process of establishing a city-approved project and program and plan which will allow us to increase the capacity of the airport 50 percent. In other words, we can go from the present 40-plus million to about 65 million passenger throughput, plus doubling almost of cargo.

The cost of doing that is going to be somewhere between $1.2- and $1.5 billion to have the necessary mitigative measures in place, the necessary terminal construction and other pertinent facilities, all related directly to improving the capacity.

If we depend on the trust fund over the period of time we predict this financing will take place, roughly 10 years, we can expect to get no more than $200 million plus whatever interest might apply.

If, as Congressman Mineta said, you increase the ability to add another 25 percent to that, you would go up to somewhere between 250 and 300 million. We still would have a shortfall of over 700 million at the minimum and probably 900 million or a billion at the outside.

On the other hand, with the passenger facility charge, we can over that same period of time with a $3 charge plus accumulated interest raise somewhere close to 800 million, which we think brings us much more, much closer to being able to accomplish the mitigative programs, the development programs that need to be done, and the balance, we feel some will be financed by airports port of revenue bonds in a limited way and some by possible use of third-party financing.

So we think they are achievable. They are certainly not achievable without the ability to raise the PFC. We will have to greatly circumscribe that program.

Mr. GEORGE. I think it should also be pointed out, Mr. Clinger, Mr. Moore just pointed out $1.2 billion. We talk about Denver at 3-plus billion dollars, the work at Chicago. We talked earlier about a system of airports. And a system of airports includes about 500 commercial service airports in the United States and maybe 13,000 total airports in the United States. That 500 airports also have capital improvements.

When the demand on the system that is $1.8 billion is such that there is not any conceivable way that there is enough money to go around and the system has worked fairly well, we need to come up with another way to be able to raise more money and be able to meet the needs of the system so we can expand in the future, doubling by the year 2000.

Mr. BARCLAY. If I could paint you quickly the macro picture? FAA, AA all agree these are not wish numbers. The needs in the system over the next five years for AIP-eligible items alone are $6 billion. Even if we get 1.8, $2 billion in AIP, the shortfall in the needs continues to be there. Even if we can continue to bond $3 billion with current revenues, there still is a shortfall there of what everyone agrees are the needs in the system for AIP-eligible items alone.

And there are a lot of needs out there that we have to meet that are not AIP-eligible as well.

Mr. CLINGER. Coming back to Mr. George, representing a smaller airport. One of your proposals would be that entitlement funds would be returned to the discretionary account by those airports that use the PFC, which would then be used to support eligible projects at other airports.

Would the organizations you represent support the establishment of a minimum funding level out of the discretionary fund to primarily support projects at small or medium-size airports?

It is my feeling, at least, that the smaller airports are not going to be able to benefit as much as the larger airports from the imposition of the PFC. They do not have the traffic to warrant that. They in turn, however, as you already indicated, have capital needs of equal importance.

Wouldn't it be a good idea in that event to say that money that has to be foregone by the airports that adopt the PFC should under some formula redound to the benefit of those airports that are not going to be able to take advantage of the PFC?

Mr. **George**. Under some formula, yes. The small airport had a lot of problems trying to get dollars because we are in competition. We are under an allocation system that goes a little bit more, it leans towards capacity in the larger hub airports. Yes, some kind of mechanism to be able to guarantee more money for the smaller airports to be able to feed into and be part of the system is needed.

Mr. **Clinger**. Are you speaking on behalf of yourself or on behalf of AAAE?

Mr. **George**. I am speaking mainly for myself. We don't have an exact policy on a per dollar paydown or an allocation system for small hub airports.

Mr. **Clinger**. Anybody there care to go out on a limb in terms of the associations you are speaking for?

Mr. **Barclay**. I think we are flexible of looking at other ways to do that allocation, Mr. Clinger. Currently the way the proposals are drafted, the money that is given up goes back into the discretionary fund across all categories of discretionary, which includes relievers and general aviation airports and the other set-asides.

Historically out of the trust fund discretionary fund, according to FAA, about 60 percent of the discretionary dollars have gone to smaller airports other than large and medium hubs. We were reaching to do that. We may not have identified it clearly enough in the current proposal that we supported. We certainly would be willing to work with the committee further to make it clear that small airports are going to benefit from that.

Mr. **Clinger**. Certainly any support that I have of the measure is going to have to have something like that as part of the overall package.

What about your association's position on the imposition of PFCs on general aviation and on the package freight industry, which is a large part of what the traffic in and out of your airports would consist of, general aviation and package freight? Is there thought that they would be free from imposition of the PFC?

Mr. **Howard**. Well, certainly, Congressman, with respect to general aviation, we think that probably it would be, cost more to collect fees from general aviation and their passengers than the revenues which would be received. We don't see, we have not advocated this and see no basic need for it.

I think we pretty much take the same stand with respect to the package business. This is something we can look at further downstream. But, we have not been advocating that either.

Mr. **Clinger**. Okay. Just one final question. As you know, when we prohibited the use of PFCs back in 1973, it is because of the fact there had been some abuse. That is, the use of head tax funds for purposes other than directly on the airport. We continue to be concerned about that.

I am wondering how you would discriminate between legitimate airport access projects and local road projects? There is always a fine line there. On the one hand, I think we all recognize that one of the real impediments to growth in some of the urban airports is the fact that access to and from the airport is becoming increasingly difficult.

On the other hand, if we are going to allow a PFC, shouldn't it be limited to just those projects and activities? How do you define access roads and systems?

Mr. CLIFTON MOORE. I can use again Los Angeles as an example. As part of our program in mitigation efforts, one of the tremendously negative impacts on the community is the airport-bound traffic, which has caused great conflicts with other activities in the community not airport-related. Needless to say, we are importuned from time to time to contribute to local road projects, which we have been unable to do.

On the other hand, we do see at Los Angeles a specific case where we could build what would be the equivalent of the Dulles Road, which would be a completely airport-dedicated access road. We think that that kind of project might indeed fall within the eligibility definition because it would be used only by airport-bound travelers.

So we think that there are some possibilities for that occurring, but we think it is correct that it would be very difficult to try to resolve of all the ground access problems using AIP money.

Mr. CLINGER. Should the Secretary of Transportation basically have a signoff on those types? Should they be in his bailiwick to make a determination?

Mr. CLIFTON MOORE. I think it is partly a matter of interpretation by the Secretary and partly a matter of definition to begin with.

Mr. CLINGER. Thank you, Mr. Chairman.

Mr. OBERSTAR. The latter have a very, very critical point. We will examine that matter very carefully.

The gentleman from California, Mr. Mineta?

Mr. MINETA. Thank you, Mr. Chairman.

First of all, let me ask, you are advocating that the AIP program stay in place as it is right now and that local airports be allowed to impose a PFC on top of that. Should there be a reduction of the AIP amount to the medium and large hubs?

Mr. CLIFTON MOORE. I think if we—make sure I understand correctly. We have taken a position that there would be a reduction of the entitlement by 50 percent.

Mr. MINETA. What would be the nature of that reduction and the AIP entitlement program to local airports? Is that across the board? Is that large or medium and small hubs as well?

Mr. CLIFTON MOORE. Large and medium.

Mr. MINETA. Is that no monies available under AIP or a reduction?

Mr. CLIFTON MOORE. With a reduction of 50 percent. Fifty percent that is reduced to be diverted to the discretionary fund.

Mr. MINETA. Now, even though it reduces the entitlement for the airport, for the passenger it is still an 8 percent ticket tax plus the PFC? There is no reduction for the passenger?

Mr. **Clifton Moore**. That is correct.

Mr. **Mineta**. Now, I am not really sure what the percentage of business travelers might be. Mr. Chairman, you might have a better idea about this. But let's say that if it is a 50 percent of all the travelers or business travelers, let's say there is a $3 PFC. For the business traveler, for the corporation paying his or her travel, I assume that that would be a deduction, business deduction, legitimate deduction.

If that is a legitimate deduction, I wonder what the impact of the loss of revenue on the Treasury will be from businesses being able to write off this passenger facility charge as a cost of doing business and how much that would impact on our Federal Treasury.

I am not sure. It seems to me that we don't get to count it as revenues at the Federal level. Yet we are going to be taking the brunt of it in terms of loss of revenue in the Treasury. I think we ought to have somebody maybe take a look at that.

Mr. Barclay, do you have thoughts?

Mr. **Barclay**. I don't think you need revenue reduction. If the needs are real out there, we need to spend money on airport capacity, if there is not a PFC, it means somehow those needs have to be met, so other costs are going to have to increase. Those are business costs. Fares go up or parking rates go up or the other concession fees have to go up. Those are still business costs for businessmen or a trip. Whether it comes in terms of paying it as a PFC, I think you are looking at the form in which the passenger pays.

The point we kept trying to make is the passenger is the lowest common economic denominator in the system. The passenger pays for everything in the system ultimately. We think we can prove these needs for more capacity are real and that the PFC of the local collection and expenditure as the new revenue element in the system is the most efficient way to get that construction done as quickly as possible. We are not going to launder the money through Washington or run it through another system for these added dollars. We are going to collect them locally and build local.

Mr. **Mineta**. Let me go back to the terms of eligible activities for the program. As I understand it, you are talking about airport improvements and the—it says, for instance, PFC should not be limited to AIP-eligible projects. Then you say access roads and other transportation systems, maybe, should also be eligible.

What reference is that there? Is that, for instance, like, Oakland Airport wanting to spur off of BART going into Oakland Airport?

Mr. **Clifton Moore**. Yes, if it was definitely for airport use and airport-related. Very clearly we feel it should be eligible.

A good example in Los Angeles also would be connection from the Los Angeles County light rail system, which passes the perimeter of the airport but does not serve the airport. We would want to include a project connecting that for airport use.

Mr. **Mineta**. What is the rationale for a limit of two PFC's? In other words, if I am flying from San Jose to Denver to Dallas/Fort Worth to New Orleans to Washington, DC, why should I only be paying two PFC's for the first two stops and then even though I am using New Orleans or I am using other airports after San Jose, I depart, I land at Denver, stay there one day, transfer on to another airplane to go on to DFW, to St. Louis, to DC.

Why should I only be paying for the first two?

Mr. **Howard**. Mr. Congressman, I think that if you—if a traveler does pay for the first two, in fact we are catching about probably well over 90 percent or probably a much higher percentage of the total number of passengers who are traveling, just charging them for only two.

To go beyond that, in terms of the efficiency of this system probably a very low return for a lot of cumbersome or additionally cumbersome accounting of multiple routings which are taken only by a few passengers, so in our view it simply wouldn't be worth while going after those people who are making three or four connections.

They are very small, and the cost of accounting for them all would probably be marginally inefficient.

Mr. **Mineta**. Mr. George, in your testimony you are talking about the fact that PFC's must be considered as part of the total program and the AIP has to be continued. My fear, frankly, watching the bean-counters around here, whether they be at OMB or the House and Senate Budget Committee, although we have got a good watchdog right now, Mr. Oberstar may not be on the Budget Committee three years from now, four years from now. My fear is someone's going to say, look at that, all that money those locals are collecting out there.

I think we ought to reduce the AIP program, and I just see this as a first step towards, first of all, in terms of eligibility, medium and large hubs being eliminated. Everyone has sympathy for small airports, they will take care of the small, but they will say, okay, you big boys want to be on your own. You are on your own.

You charge your PFC's. We will have a phase down of AIP, but more importantly, not the financing part of it, to me it is the fact that we are going to get away from a national aviation system.

That is the part that bothers me. We are going to get a vulcanized aviation airport system, and I just—I can't point to anything other than a gut feeling.

Mr. Howard.

Mr. **Howard**. Congressman, the airports today, the local communities, the municipalities are paying for most of airport development through bonding capability.

Mr. **Mineta**. Mr. Howard, when you talk about localities paying, most localities run their airports as an enterprise fund. As the Mayor of San Jose, I ran ours as an enterprise fund.

In fact, we used to charge the airport fund for a piece of the police chief's time, for a piece of the city attorney's time, or in fact the city attorney we had two people right there full-time, so we used to charge other department expenses against the airport funds to go from airport into the general fund.

I mean, we treat it as a business. It ran as a business. It wasn't any general tax monies. It was customers as well as revenues generated at the airport for lessees, so it is easy for me to say as mayor, yes, I will tax the local people because it is the people in Redwood city or Palo Alto who use San Jose Airport.

They have no say and they can complain about the $3 facility charge, and I will just laugh and say, if they don't like it, they can lump it. They can go somewhere else, but to me it is not a real big burden for the localities to say, yes, we are going to impose a PFC.

That is not on the general taxpayer of San Jose. It is the users of the system, and we have a good system where we say users can pay for the system, but, again, going back to this whole issue of the balkanization of the airport system, I think we are just going down the wrong track on this thing, and so——

Mr. Oberstar. Will the gentleman yield?

Mr. Mineta. Yes, sir.

Mr. Oberstar. harkening back to the gentleman's service as mayor, is there a concern underlying your questioning that cities might look on this PFC as an airline cash cow?

Mr. Mineta. Oh, sure. The kind of—you know, let's face it, at a local airport it is going to be the struggle as to who is going to control the airport—airlines or the airport priorities.

This is the way for the airport operators to be able to she had themselves of some control from the airlines and say, hey, don't tell me I can't do this. I am going to do it.

They can go ahead because they now have—they will have their own funds to be able to do these things with, but they want to go beyond the AIP eligible list of things, and I just think that that—if that is what they want to do, that is fine, but what bothers me is the fact that we are getting away from a national airport systems plan.

Thank you, Mr. Chairman.

Mr. Oberstar. Mr. Boehlert?

Mr. Boehlert. Thank you, Mr. Chairman.

I have some of the same concerns just so eloquently expressed by my distinguished colleague from California. I have tried to find the positives in this proposal, and I must admit I am having a difficult time.

I see a lot of negatives. I will go beyond the obvious, how do I try to market back home an increased charge to my traveling public at a time when we have got the administration proposing an increased tax on the tickets, at a time when we are not spending the trust fund. That is the obvious. But I am concerned, one, that it is really regressive. Quite frankly, I don't like regressive taxes. Why should a struggling student saving up to go abroad or some place to do some study have to pay the same charge as the quiche and cognac set?

How do you get around the argument that this is blatantly regressive?

Mr. Clifton Moore. I think, Mr. Chairman of the committee, if I could respond this way, the object of trying to achieve this, first, is to meet the demand of the marketplace, and the user is a user is a user, in effect.

The airport is not generally considered a social instrument in terms of its revenues and expenses.

Mr. Boehlert. Why are we not meeting the demands of the marketplace right now in your estimation?

Mr. Clifton Moore. Well, a good example in our case is we simply need to generate more capital, and since the capital primarily relates to the development of mitigative measures which are not of tremendous interest to airlines and since they also provide more space for competitors to operate, they are not of immediate interest.

Mr. **Boehlert**. I will drop that for a moment and go to something else and get back to that. The other concern is have is the big get bigger and the small go by the wayside. Let me give you a very practical example.

In my congressional district, I have two very small airports: one in Ithaca, New York, that has approximately 60,000 boardings a year, and one in Oneida County, New York, that has approximately 40,000 boardings a year.

Ithaca is 35 miles south of Syracuse, Utica-Rome is 50 miles east of Syracuse. PFC's—Syracuse, incidentally has about two million boardings a year. PFC's would do next to nothing for Ithaca or Oneida County Airport. It would aid significantly the development of Syracuse at the expense of these two competing airports, so then if I am looking at it logically from an economic development point of view, as I have to look at it, as I did as a former county executive, I see the future where people are looking to locate some source of employment saying why bother going to Ithaca. Why bother going to Utica-Rome? Why not go to Syracuse because that has got the most convenient airport.

And I say to myself, this doesn't serve my constituents very well. How would you respond to that one? Of course maybe I should look to 1982 and the thought of redistricting. Syracuse might be in my district then.

Mr. **George**. The passenger always has opportunity to go to different facilities. I have that problem at the quad cities where Chicago is 185 miles away.

Mr. **Boehlert**. But I would suggest, Mr. George, 185 miles and 35 miles are a big difference.

Mr. **George**. Is significant, yes, but what I was getting at is that the passenger has the opportunity to go either to Syracuse or in my case to Chicago.

However, I feel that the development of the airport supported by the community with the PFC revenues adding to the reduction of required funds by the local community to pay for the capital improvements will help significantly at those airports, and additionally that airport will be able to enjoy higher discretionary funds that he could get for his priority projects.

Mr. **Boehlert**. I think as a practical matter, Moline, the quad cities may be different because 185 miles is a disincentive in and of itself, traveling by car, for example, but in the instances I cited, I can see the one airport, if they opted to go with the PFC, bringing in billions of dollars a year which would allow it to expand significantly.

And you get some problems with expansion. I could address that later with my environmental community, but would provide further disincentives for these local people to use the nearest local airport because the neighboring airport is just going to get bigger and better at a significant price to already overtaxed airline travelers, and if you are able to, in your wisdom, come up with a solution to that problem for me, I would be a little bit more receptive. But I think you are going to be hard-pressed to do so.

The fact that it is regressive is not very appealing to me, and the fact that we are talking about another charge and another tax where we are earning at least a billion dollars a year in interest on the idle funds in the trust fund no longer mark me undecided.

I am just negative in my approach, but I am open-minded. Thank you, Mr. Chairman.

Mr. **Oberstar**. Mr. DeFazio, the gentleman from Oregon?

Mr. **DeFazio**. Thank you, Mr. Chairman.

I didn't ask for the former gentleman to yield, but if I could address his concerns for a moment before I question——

Mr. **Boehlert**. Am I a former gentleman now?

Mr. **DeFazio**. You are not too former. Previous, previous. The previous gentleman as opposed to a former gentleman. I don't know his status as a gentleman, to tell the truth. I don't quite agree with the concern that he expressed.

In this case, Ithaca would be able to, according to the projections, given with their total enplanements be able to bond a $3 million improvement.

I don't know the state of the Ithaca Airport, but I would assume that given the current facilities a $3 million improvement would be quite significant if the gentleman believes that an enhanced passenger terminal is something that will attract additional traffic.

On the other hand, perhaps what would attract additional traffic, since he has pointed to this as a regressive tax and struggling students is you have a lot of struggling students in that area. If Ithaca chooses not to levy a passenger facility tax, suddenly a student can get a ticket $6 cheaper each way out of Ithaca, and that might bring hoards of students through the airport if that is the bottom line.

So I think it could be a positive. It could be a marketing advantage for Ithaca. Don't pay a passenger facility tax. Come to Ithaca, you know, because most people don't go to the airport to enjoy the airport. I mean, I just look at an airport as a place to walk through, hopefully.

Granted, unfortunately, most of the time there is a delay. So in any case, I hope that addresses some of the concerns raised by the gentleman to the witnesses. The issue of entry, the issue of competition, I don't think that has been adequately addressed here.

The issue of how much majority in interest clauses and the airlines control entry into the market and expansion of additional facilities, I haven't heard from anyone here from St. Louis here yet, but where 80 percent of the gates, I think, are controlled by TWA, and if they want to expand, TWA has got to agree and obviously TWA isn't real anxious to have an additional airline come in there who might compete with them, so I think the witnesses should address that because I think it is something that has been neglected thus far in this discussion, and if you would, I would appreciate it.

Mr. **Clifton Moore**. Yes, sir, I would like to make a point that there is little doubt that in many of the nation's airports that have dominance by a single carrier, there is a great reluctance to endorse and to support financial programs that will allow competition to enter the marketplace.

Even where there are no dominant carriers, the carriers are very reluctant to give up any advantage they have at all, and I can understand why competitively. Los Angeles is a good example, where I have engaged in a recent dialogue in writing with Mr. Ikan of

TWA in an attempt to persuade him to give up some gates which he is underutilizing, and so far, while we have had a pleasant discussion back and forth, there has been no change.

The State of California is about to impose by law a fine on us for $23,000 a day for not providing additional gates. I am afraid the airlines will find it cheaper to subsidize the fine than they will to subsidize the increased gates, so that it just seems to me that one of the fundamental things this proposed legislation would do is very positive.

It would provide that the financing of new capacity is on a more even-handed basis with regard to the relationship between airlines and the cities or the proprietors that operate the airport. I am sure my colleagues have some good examples.

Mr. **DeFazio**. I can give an example from my own local authority, the City of Eugene. As much as I love American Airlines and United, they were—the City was up against a deadline date to issue bonds, GO bonds against the taxpayers of the city who constitute 40 percent of the people who use that airport, but the people in the City in their wisdom had voted to tax themselves, even though they realized that 60 percent of the benefit would accrue to people who were not going to pay the tax and were not going to pay a passenger facility charge. But a key portion of putting this together in addition to the GO obligation of the city was long-term leases from the airlines, and the airlines both went to the wire not willing to sign, and I had to personally intervene with the airlines and attempt to try to help the city to get the airlines to sign the contracts before the date was reached, the expiration date on going for the bond issuance.

I am sure that is repeated time and time again around the country. I agree with you. I think this will give us a little more balance in the equation. I don't think it is going to give the airports suddenly all the balance in the equation.

I think it is going to balance it more. I think right now it is tilted toward airlines. If anyone else wants to expand on that, I would be happy to hear other examples.

Mr. **Howard**. Well, we certainly agree with that, Congressman. Our studies have shown, our gate studies have shown that there are very, very few gates available during peak hours around the nation at any of the larger airports, and that is simply a function of the competitive process which has been going on since 1978.

It is very difficult for an incumbent or even a anew entry or an incumbent to actually go into a market during a peak hour and take any significant——

Mr. **DeFazio**. I think you used the key word there incumbency. I would ask my colleagues to listen to the advantages of incumbency for the airlines already at the airport.

Mr. **Howard**. Basically, the point is these peak hours are sewn up. We do think this ability to charge and provide facilities, and that is why we are so insistent on gates as being minimum, as an additive to the AIP eligibility list, that the provision of gates during peak hours would be a gate competitive, pro competitive element of this program.

Mr. **DeFazio**. If we can't have campaign finance reform, at least we can have airport finance reform. Go ahead.

Mr. **Barclay**. If I could just add, the point we keep trying to make is Congress should care about this because it is a structural issue. It is not criticism of the airlines. An airline has an obligation to its stockholders not to facilitate competitors coming in and taking their passengers away.

I mean, that is—if they are doing their job well, they are not facilitating competitors undermining their profitability. What we have in the system now is a structural problem where because of the history of the airport-airline contracts under regulation, too much control is in the hands of incumbents.

If you want to be able to have some revenue stream in the system where you can—a community can decide we are going to build new gates so that incumbents can come in and help airline deregulation work as it is supposed to without the veto of incumbents, a new revenue stream is needed. And it is thoroughly consistent with the concepts of deregulation.

Mr. **DeFazio**. Thank you. Thank the gentleman; thank the Chairman.

Mr. **Oberstar**. We have a vote in progress. The Chair would like to recognize Mr. Packard at this point, and then following his questions recess for the vote.

Mr. **Packard**. I will be very brief, Mr. Chairman. We have already addressed at length the air side capacity projects versus the non-air side, and I think that one of the concerns that some of us have is that the air side projects, those that benefit the flow of traffic such as taxiways and increased runway, will suffer at the expense of the revenue-generating projects, like parking lots, et cetera, and that is of great concern.

Less than 20 percent now of your, of construction projects are air side projects. On that same vein I have some concerns of an area that we have not talked about, and that is noise abatement.

That also would probably not be well-funded under these PFC's simply because they do not generate any benefit to the airport itself. They may relieve a lot of concerns of residents, but now less than—about 10 percent of the funds are expended for that purpose. Noise abatement, would that area suffer under a PFC arrangement of financing?

Mr. **Clifton Moore**. congressman, let me make very clear that one of the main factors in the proposed legislation is noise mitigation. Again, I use the parochial example of Los Angeles where we stated that one of the immediate tasks we would undertake with this funding is the necessary soundproofing of homes which has already been outlined in our part 150 program, which is unfunded in order that we can proceed with dispatch to provide at least that much noise compatibility so that the airport can continue to grow.

We feel it is unconscionable to develop any program that would continue to grow and expand and not deal with the negative impact as a matter of very high priority, so that is in the legislation as proposed, and it would develop a very high position in the scheme of things.

Mr. **Packard**. Due to the time, I will conclude my questions.

Mr. **Oberstar**. Mr. Geren, do you have any questions at this point?

Mr. **Geren**. I have no questions, Mr. Chairman.

Mr. Oberstar. In view of the vote on the House Floor, the Chair would suggest a recess until 1 o'clock. That would give and Members and witnesses time to refuel for the afternoon, and resume with this panel because the Chair has some questions and other Members who have left for the vote had some questions.

We will continue, then, until Secretary Skinner is available, which would be at approximately 1:30, and conclude with this panel, then take Secretary Skinner's testimony and resume with the other witnesses. The subcommittee will stand in recess until 1 o'clock, and the Chair asks unanimous consent to include in the record and direct to this panel questions from Chairman Anderson which we would ask you to respond to in writing.

[Recess.]

Mr. Oberstar. The subcommittee will resume its sitting. The Chair would recognize the gentleman from Ohio, Mr. McEwen.

Mr. McEwen. Thank you, Mr. Chairman. I commend you and appreciate your holding these hearings. I think much thought has gone into this effort as to how we fund airports and make sure the traveling public is properly served. The only concern I have is the PFC would be for the basis of improving the convenience and safety of the traveling public.

Mr. Chairman, it is my opinion we have already provided a mechanism whereby that can be done. And we have deliberately and intentionally declined to use it. Until such time as the $14 billion that are assembled in the airport and airways trust fund are used for the purpose to which they were intended, I think any further compromise by our committee to deal with those who have locked those funds away from the purpose for which they were intended, I think is unwarranted.

I commend the suggestion and the idea. I think at the proper time it should be considered. It is conceivable that I could support it. But as long as there is an effort by the Department of Transportation and others to deny access of the funds already paid for, the contributions already made by the traveling public for precisely this purpose, then I cannot support any additional burden or leverage upon those travelers. It is something that can be resolved quickly. It can be handled here this week if the Congress chooses to do it. I would just assure the Department of Transportation that they have an open hand from me and a willingness to support it at such time as the other dilemma is resolved.

I repeat. To let the cat out of the barn and just allow the burden and support for the maintenance of a safe and secure airport transportation system to be placed upon the local level is a step to which we need not go at this point as long as those billions of dollars are locked away.

I thank you for holding the hearings. I think they will be helpful at the time they choose to go down this path. In the short run I think we should direct our attentions elsewhere.

Thank you, Mr. Chairman.

Mr. Oberstar. I thank the gentleman for a very succinct and thoughtful observation and insight into the issue at hand.

Gentlemen, I would like to pursue a few points that we touched on earlier in a little further depth.

Counsel reminded me Mr. Lipinski has not has his opportunity to raise questions. The Chair will recognize the gentleman from Illinois, who authored one of the pending bills.

Mr. LIPINSKI. Thank you very much, Mr. Chairman.

First of all, I want to thank this panel for their presentation. I think they have been very honest and very accurate in their presentation here today. I would also like to—I have a question for them. Before I get into that, I would like to address a few things said prior to this hearing.

First of all, in our legislation we had certainly attempted, and it was our sincere desire in regard to the project history to make sure that a project, specific project was submitted to the Secretary with a specific amount of money so we won't have any concern about moving these funds around that was expressed earlier. If our language does not do that sufficiently, we certainly would be willing to modify that language to make sure that it does.

You submit project A and say exactly what it is and how much money it is going to cost. We are more than happy to accommodate anyone that desires us to do that.

Secondly, it has been talked here today about a tax being leveled by the Federal Government. This tax is not going to be leveled by the Federal Government, as we all know. It is going to be leveled by airport authorities. There is nothing in this legislation that compels them to levy this tax. It will be entirely up to the local airport authority to do it or not do it.

And I resent some people inferring that this is a tax being put on and that people are going to be forced to implement this tax. That is not true. I want to clear up that misunderstanding.

Also, we talked about money from the AIP funds, but we must realize that each day we delay putting forth the PFC, we are increasing the amount of money that is ultimately going to cost us to increase airport capacity in this nation.

We talked about meeting, you know, needing a tremendous amount of money today. We delay this a week, a month, a year, two years, we are going to need that much more money. It is a simple fact the system needs more money if it is going to reach the capacity that is desired by everybody.

Those are some points that have been made earlier that I wanted to comment on.

This is a question I have for the panel. Could you clarify for the committee why it is so important that airport operators be allowed to spend PFC funds on projects beyond the scope of the existing AIR program? Anyone that wishes to answer.

Mr. CLIFTON MOORE. Yes. Congressman and Chairman Oberstar, the reason that the need is there for going slightly beyond the boundaries of what has been a fairly narrowly drawn list of AIP improvements is because, particularly in the larger airports, the things which are affecting the capacity and the throughput of the airport are not necessarily projects which are on that particular list or within the provinces and definition of AIP.

Also, in many cases of importance. For example, in noise communication efforts, AIP, the legislation simply will not, and processes will not provide enough funds in a timely enough fashion to give relief over a reasonable time frame to citizens. The ground transportation needs were they can be specifically developed for airport related purposes need funding, and they are not normally contemplated to be done under AIP.

So, we feel that it is very important that these abilities to have these, what we say airport related, they are almost by definition 100 percent airport related projects, be allowed to be included as not currently contemplated under AIP.

Mr. **Howard**. Congressman, also airline gates are not included in the AIP eligibility list. We think it is extremely important that we, the airports have the capability to build non-exclusive gates for all comers.

Mr. **Lipinski**. Is there anyone else on the panel that wishes to say anything on this questions? It has been covered? All right.

One other statement that I would like to make, too. It has been stated earlier here that in a rather pejorative way that local airport authorities by having a PFC would have more control over their airports. It seemed like it was being stated that they would have more control over the airports instead of the airlines.

Well, it would certainly seem to me to be more advantageous to the general public to have the airport authorities have more control over their facilities than the airlines. I think it would benefit them as far as service goes, probably as far as competition goes also.

Do any of you gentlemen have a further amplification of my rhetorical statement here?

Mr. **Clifton Moore**. Well, I would just like to comment that there are two major concerns that face us in Los Angeles. I think they occur in other major cities and medium cities. That is dealing with the marketplace. The carriers are not already willing, are not always willing to deal with the marketplace interest because they view it as anti-competitive.

On the other hand, the city or the area may very well feel that it is to their advantage to be able to deal not only with the marketplace in a minimum way, but in a way which provides for a reasonable level of convenience for the passenger and the user.

The events in air commerce and aviation that are happening or transpiring are brought about by the tremendous additions coming on and into the fleet, will provide many opportunities for expansion of terminals and gates in major locations.

If we do not provide a separate way to finance this particular aspect of development of the air transportation system nationally, we will not only not remain competitive in local, in regional areas, but we will not remain competitive strictly as a nation.

We are about to enter into a dynamic struggle with the new European community over Asian trade. And whoever wins the battle of Asian trade is going to remain the dominant force. Now there are 385 million people in Europe who are going to try to maintain the most advantageous posture with regard to air commerce. If the United States is not able to build to meet that upcoming demand from the Asian Pacific region, then we are going to fall behind and we will not remain truly competitive.

Mr. **Lipinski**. Aren't many of those European carriers either owned or heavily subsidized by the government itself?

Mr. **Clifton Moore**. Yes, sir, some are.

Mr. LIPINSKI. Thank you, Mr. Chairman.

Mr. OBERSTAR. I would like to pursue a couple of points further. The DOT advisory committee, with respect to the question of the Federal Government role, recommended that the DOT have authority to approve a PFC for a project proposed by the airport even though it might be objected to by the users.

Under the recommendation of the advisory committee, DOT would disapprove both projects which would not benefit safety or system capacity or in the case of a project which is not AIP eligible, a project that could be funded by other means.

Are you willing to accept that concept in a PFC legislation?

Mr. HOWARD. Well, the bill that is, that has been submitted by Congressman DeFazio and Congressman Lipinski represents, I think, a good approach. It is a minimal interference by DOT. I think that if indeed we are talking about the Secretary making a judgment as to whether or not a project is eligible or not, and it is, does meet the broad parameters of capacity, security, that is as far as we need to go. Once we have established that these projects do meet a criteria that they are enhancing capacity. They do enhance security, that means access in some cases, gates in other cases. Then we are talking about, I think, a simple process wherein the Secretary makes a judgment, is it on the list? If it is on the list, then he approves it.

Mr. OBERSTAR. But, the proposed legislation of our colleagues on the committee would add some items to eligibility under the PFC proposal; that are not now contemplated, not now approvable under the AIP program.

Mr. HOWARD. That is right. We are certainly in favor of that expanded list.

Mr. OBERSTAR. If we did not expand the list, would you be able to live with the legislation?

Mr. HOWARD. I think there is some very important issues there that we—I certainly do not believe that we should overlook the building of gates. That certainly should be an additive to the present list.

I agree certainly with the words that have been spoken here by the members of the panel, particularly Mr. Moore, on the need for access projects at major airports that are going to enable those airports to handle the millions and millions of more passengers that have to be handled.

Mr. BARCLAY. Mr. Chairman, if I could add?

Mr. OBERSTAR. Yes, Mr. Barclay.

Mr. BARCLAY. We certainly want to work with the committee and are happy to do that. There are a number of options in between non-AIP eligible items being in doubt. It is one of the issues dealt with by the Secretary's committee. There can be different kinds of review processes as one possible compromise between the notion that non-AIP eligible items ought to be totally thrown out of any possibility.

There are going to be individual instances where virtually everyone would agree getting passengers to the terminal from the land side in a severely constrained area would be a good use for the air transportation system.

We would hope we could work with the committee and try to come up with something that is acceptable.

Mr. **Oberstar**. You are helping. I think we need to pursue that matter further. There are some real questions that are raised about just how far from the airport the PFC benefits should flow or be allowed to flow. I see the Secretary has entered the room. We are committed to take his testimony at 1:30, and it is 1:30 now. I think we will suspend and return with your further questions about this matter later.

[Mr. Moore's prepared statement appears on page 205.]

[Mr. George's prepared statement appears on page 205.]

Mr. **Oberstar**. At this point the Chair is pleased to welcome the Secretary of Transportation, Mr. Skinner.

Secretary **Skinner**. Mr. Chairman.

Mr. **Oberstar**. Mr. Secretary, welcome once again to the Subcommittee on Aviation. The subcommittee has not tested your patience much this year or last year. We have not felt the need to call upon you to testify. Your able associates have done a great job on behalf of the department.

This, however, is an issue of prime national importance, a major policy initiative, one which you have very vigorously advocated and one of which your views are critical.

I would like to offer again my great admiration for this Secretary of Transportation, outspoken, straight forward, you know where you stand with him, he knows his subject, has taken to the issue of transportation with gusto and what sense for the intermodal relationships within that department and a broad policy, view, Mr. Secretary, that you have exercised upon the issues under your jurisdiction.

It is not only beneficial in the here and now, but I think the effects of your tenure will be felt long after your departure, whenever that may be. I hope it will not be in the foreseeable future.

Secretary **Skinner**. Thank you, Mr. Chairman.

TESTIMONY OF HON. SAMUEL K. SKINNER, SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION

Secretary **Skinner**. Mr. Chairman, Members of the committee, I first want to thank you for the opportunity to testify. As Chairman Oberstar has indicated, this is an important issue. It needs to be discussed in such an environment. I am delighted that we have been able to move forward on this.

Maybe a perspective from what I now call history might be proper. In lieu of testimony I have prepared remarks which I would like to have made part of the record.

Mr. **Oberstar**. Without objection, so ordered.

Secretary **Skinner**. Then I would just make a couple of observations. When I was sworn in as Secretary, even prior to the time I was sworn in as Secretary, I, at their request as well as mine, met with a number of people within the aviation industry to discuss problems within the aviation industry.

I met with the airport operators and airport users. I met with the heads of every major airline in this country as well as a number of foreign airlines. I met with the NBAA, the AOPA and the EAA. And without exception they identified among the four or five major problems facing aviation today, those that which we are going to be addressing as part of the authorization legislation.

Number one is the problem of congestion. I will never forget the days when airline heads would come into my office and say, "You have got to do something about the problems of capacity and congestion in this country. If you don't do something, you will not be an effective secretary."

A second group came in. Included in that group were a number of Congressmen and Senators, who said:

> Not only do you have to do something about the growing problem of congestion, you have got to do something about enhancing airline competition. New entrants have to have the opportunity to compete if the deregulated environment is going to work.

Then the experts came in, who predict with a reasonable degree of certainty what is going on in the area of traffic for commercial airlines in this country. And they pointed out to me that they expect a 65 percent increase in enplanements by the turn of the century. We have already seen the impacts of a failure to address the problems of capacity, both from a competition standpoint as well as a congestion standpoint.

Twenty-one primary airports each experience in excess of 20,000 hours in annual flight delays. Unless we do something about the capacity problems, the number will grow to 39 airports by 1997. As part of the reauthorization process and after a thorough discussion with all segments of the industry, we have suggested as part of our solution to this growing problem that as part of the reauthorization legislation, the current ban against passenger facility charges and the right to impose them at the local level be eliminated.

Prior to making our recommendation we formed the Airport Capacity Funding Advisory Committee, convened at Congress' direction last winter and headed by former Deputy Transportation Secretary Mimi Dawson. Her task force's initial work contributed to fleshing out useful parameters of a fee mechanism to satisfy the many concerned parties, and to transform ideas to concrete proposals.

Almost without exception, although there may be differences in the implementation form, most of the major parties that have looked at this have recommended, among other things that can be done, the elimination of the ban against the levying of passenger facility charges.

This is a pro-consumer proposal. It enhances competition. It eliminates congestion, which is so key if we are going to compete globally. It gives, in my opinion, in the forms that have been suggested, an opportunity for the aviation interests in this country to not only deal with the problems of congestion and competition, but also to hone our competitive edge as we compete in the world.

It is for that reason that we not only wholeheartedly support the elimination of the ban as part of the reauthorization process, but that we have been working vigorously throughout this country in not only assessing the needs, but explaining that this is a unique time in aviation. We have an opportunity. We have a Secretary and a President who is willing to move forward on creative approaches. We have a Congress that is willing to hold hearings, and I hope successfully implement them.

At the same time we will enhance capacity and eliminate congestion at the major airports at this country, we will also make available substantial funding, more funding than has ever been available before, to the smaller and medium-size airports all over this country so they, too, can begin to eliminate their problems, develop their facilities and begin to make their facilities competitive with the bigger facilities throughout this country.

We are at a crossroads, and this is a win/win situation. The consumer wins, airport operators win, the American people win, the economy wins. That is why I am delighted that we are beginning to see solid support from all segments of the aviation industry for the proposal both from users, operators, as well a bipartisan support from Members of the Congress. I think this is a key time in aviation. I am delighted to be here.

It might be appropriate at this point, Mr. Chairman, to entertain questions from the committee.

Mr. **Oberstar**. Thank you, Mr. Secretary, for, as always, a very thoughtful, well-reasoned approach to the subject. It is one in which in principle we don't disagree. There is a need for increasing system capacity both on the ground and in the air. We discussed this at the outset of your tenure. The need to improve the air traffic control system by advancing improvement of the infrastructure plan and making sure that stays on track.

I recall your firm commitment to stay on top of the contractors, to improve the contracting process within FAA. You have done that. You have taken important initiatives. You have argued effectively within the administration for a very good number from OMB for the facilities and equipment account, $2.5 billion, which we have included in our budget resolution, which is included also in the authorization bill that the subcommittee approved last week.

In the Airport Improvement Program, again, you have given great support to spending down that trust fund and to moving ahead with the capacity needs on the ground.

The question is, I guess there really is a question among many Members of the subcommittee, many interest groups, whether in addition to the existing resources, this additional charge is required. And if so, then how is it to be applied? How is it to be administered and managed? You have addressed the whether. Let's take some time and explore the how.

To what other Federal initiative is this proposal similar? To what other Federal fundraising scheme is this similar?

Secretary **Skinner**. Well, maybe this will show my parochial transportation bias, I would call it very similar to a toll on a highway.

Mr. **Oberstar**. That is exactly what I had in mind.

Secretary **Skinner**. Recently in Illinois we opened a new toll road, first new toll road that has been opened in that state in many years. What has happened is, number one, people are getting to work quicker. Number two, it is at the projected volume. The revenues are meeting their targets. People are using the system even though there is an alternative that is more congested but is free.

And finally, if you look at what has happened in the entire system, the traffic has moved, some of it has moved to the new toll road. They are paying the tolls, and it has relieved the congestion problems in the other parts of the system.

That would be an analogy. I think it it a user fee. It is paid for by the people that are using the system. It is not, when you consider the price, even in this deregulated, competitive price-effective market, it is not a number that we have suggested that will dramatically affect whether a person flies or not.

Mr. OBERSTAR. Exactly. It is another form of a dedicated revenue stream similar to the trust fund, but operates in a little different fashion.

Now, let us take that analogy to the interstate system. Let's suppose the free segment you referred to were an interstate highway and the State of Illinois decided to set up a toll booth on that highway. Certain consequences would begin to flow very quickly. One of which is to pay back to the Federal Government the money already invested out of the highway trust fund. The other would be to lose eligibility for future Federal funding out of the highway trust fund.

Now what I am looking for are in the how, how do you apply this PFC? What limitations would you envision on a PFC at an airport? For example, any airport in this country has had some degree of Federal funding.

If on top of that Federal funding, this previous Federal funding, this new user charge is to be applied, should there not be a Federal role to assure that we maintain a national integrated system of airports, that what happens in one part of the country doesn't cause a dislocation in some other part of the country because the airport system is even more dependent on its parts being fully efficient, effective alternative than is the interstate highway system?

So, on a project-by-project, project-specific approach, what authorities do you think the Secretary of Transportation or the FAA should have?

Secretary SKINNER. Well, I think if this program is going to have credibility and if it is going to be effective to address the real problems of congestion and to enhance competition, we have got to have some parameters set not only now—but in the future—that will ensure that the monies raised are set and spent for programs and equipment and concrete, and all of those things that are directly, number one, related to the airport, but more importantly related to the problems of competition and congestion.

We have proposed that those items that are eligible for AIP grants be the basic principle under which we operate the PFC program. And whether that should be enhanced or whether that should be modified slightly, I think I would leave to the finals.

I think the starting point is the AIP program as it is currently set up. If it is eligible for AIP, it ought to be eligible.

At the same time, we ought to have a role to make sure that the priorities that are being established in the AIP system on a national basis are correct. So, therefore, we ought to have some role in making sure that the projects are properly prioritized.

Mr. OBERSTAR. You would include safety in that category?

Secretary SKINNER. Yes.

Mr. OBERSTAR. Federal authority to review?

Secretary **Skinner**. Yes.

Mr. **Oberstar**. The advisory committee, you may have heard the discussion we had with the previous panel, recommended authority for the DOT to disapprove projects which would not benefit safety or capacity or projects which are AIP-eligible. If funding is available from other sources, the Secretary would be able to disapprove such PSE designated for such projects as well.

Do you agree with that authority?

Secretary **Skinner**. We differ slightly, as you know, from the committee recommendations. I would like to at least leave out in the later years flexibility for some possible, what I would call non-AIP priorities—in other words, if you have met all your AIP needs and these funds are available and can be used on the land side or on similar projects, we at least ought to have the flexibility to look at things like that.

But the primary initial thrust ought to be in the area of congestion and safety. And that if, in fact, there is some flexibility after all of those needs are met, if ever, then we should not summarily dismiss out of hand some of those airport aviation-related issues or needs that would fall into that category.

I would suggest that in many cases the needs already fall in the area of congestion, elimination and safety. In the first few years I think almost all the money would be spent for that type of need under most circumstances.

Mr. **Oberstar**. When I first started—when I started looking at this issue, it seemed very attractive. Here is another way to improve airside capacity. But what I have heard lately coming out of the aviation community, the non-airline community, is well, we have got, we have a need for light rail.

We have a need to improve highway capacity, to get folks to the airport. That is not so terribly important for someone traveling from International Falls, Minnesota on his way to vacation in the southland. It is a little hard to justify.

It is attractive if you are an airport operator or if you are a mayor of a big city and you haven't got that money to build that road and you can't convince the state highway administrator to help you.

Here is this cash cow appearing. Let's milk a few bucks out of it. They will never notice it out of that ticket, and we can build this highway. I am really concerned that this kind of thing just grows in that direction and not in the direction of the air side capacity of that airport.

I would be a whole lot more comfortable, if we could put some real restraints around the concept to make sure that it is dealing with capacity and safety.

Secretary **Skinner**. I agree. But I leave out the idea that there may be some things beyond AIP that make some sense.

We find ourselves in a unique situation. Even among the supporters among the industry, we have a divergence of opinion. The airport operators want a lot more flexibility than the bill provides as currently constructed.

Some of the airlines, the less enlightened ones, would like nothing whatsoever because part of this idea is to enhance competition. And it is very difficult for an airline in a situation that enjoys a competitive advantage, substantial advantage, as was found by the GAO and our own report, at certain selected pockets in this country, to do anything but protect that. From their own parochial viewpoint, I understand that.

So, they would argue for a much more restrictive or "not at all," approach because that is their parochial interest. It appears to me it is up to this committee and the Department to rise above that and try to fashion a compromise or at least a position that meets as many of their needs as possible.

There is a reason it has taken us so long to get here. We can blame a lot of people but, putting that aside, industry as a whole has not pushed as hard as it should about enhancing competition and reducing congestion.

They just didn't look long-range enough as to the implications of all this traffic they were putting into the system. But, they are not expected to be the leaders of public policy.

This committee and I are, and my department is. I hope that we will be able to fashion a DFC policy, too. But the primary initial thrust of the program has got to be to deal with the backlog of AIP safety and congestion-related and capacity-related problems.

I would hope the most of thrust would go there in those early years.

I would just add because they make some good arguments on some expansion, we shouldn't just automatically preclude it if, in fact, some of these other criteria are met.

Mr. OBERSTAR. Expanding the authority might be an appropriate action for a future time.

Secretary SKINNER. Maybe in the next reauthorization five years from now.

Mr. OBERSTAR. Maybe two years would be a more reasonably manageable perspective, a year in which our attention will be very closely focused on this subject.

I must ask the question about, that so many critics of the PFC have raised. That is the argument that airport capacity is not expanding not because there isn't sufficient funding to meet the needs of the runway capacity, terminal capacity or the air traffic control system, but because the public doesn't want more airport noise.

Secretary SKINNER. Well, there is no question, Mr. Chairman, that noise is a very significant inhibiting factor. We have got to deal with that. We are in the process of working our way through that.

I think you and I know that once we get through that, I think the Congress and the Administration are going to have to adjust and try to find some solution to that. It is a difficult problem.

While I say that noise is one of the most, if not the most single inhibiting factor, there are many situations where it is not a factor and where airports, if they had the money and they knew they had the revenues, could expand, could put in improvements. ILS is not something that impacts noise, for example.

If we are able to bring airplanes in safer because we have got state-of-the-art radars or we have got simultaneous ILS approaches, those don't necessarily mean that it is going to have a dramatic impact on noise.

Our first job is to handle the traffic we have in the system now better than we are doing.

I was just up in New York this morning. We were 9th in line on a pretty clear day because of the runway configuration at LaGuardia. What it takes to address these problems is not unknown.

My chief of staff came back from New York yesterday and was delayed. He said part of it was weather. He was scheduled to leave at 1:30, and arrived at 1:30 in the morning at Dulles. We have to do everything we can to enhance the capacity and to get the best possible equipment into the system to make it as safe as possible.

Mr. OBERSTAR. One thought occurs. If we could arrange consistently for all the leadership at OMB to be in holding patterns around the country, we would have a much more responsive voice over there to our needs in practice.

Secretary SKINNER. I think you and I know, Congressman, we have had some ongoing discussions about some of the other issues. If you look at the budget this year, we have forecast a 78 percent increase in the capital improvements area over the next five years.

That is a pretty enlightened approach over where they were. That is still not enough. They are coming around. Let's give them a little time.

Mr. OBERSTAR. They did respond this year on aviation very well, I must say.

I will have some further questions. I want to call on Mr. Clinger first.

Mr. CLINGER. Mr. Inhofe has a time constraint. I would yield to him at this point.

Mr. INHOFE. One brief question that has not been addressed.

Mr. Secretary, I think you probably got a report on the hearing this morning. It is pretty much a divided feeling up here. There is one thing that I don't believe has been discussed.

That is, would it be your recommendation that a PFC would be applicable to non-rev passengers?

Secretary SKINNER. We mainly have been talking about rev passengers.

Mr. INHOFE. I have some strong feelings for two reasons.

One, if that were the case, it would not be just because they are not using the system except on a space available basis.

Number two, that would cause an additional burden on the fare-paying passengers because that portion would be passed on to them. I would have strong feelings that if this does become a reality, that it would not apply to non-rev passengers.

Secretary SKINNER. It would not apply to non-rev passengers?

Mr. INHOFE. That is what I am saying.

Secretary SKINNER. You want it to apply to non-rev passengers?

Mr. INHOFE. I do not want it to.

Secretary SKINNER. First of all, let's take the cargo operations. The cargo operations in many respects operate, as you know, late at night and early in the morning. If I could get the airlines to distribute their passenger flow comparably, we could do a great deal to eliminate congestion.

But it is the passenger side that takes up the resources at critical times. That is where the major areas of congestion are.

So it would appear to me it is kind of a congestion pricing system. Why should the cargo operators, late at-night when the airport is empty, why should they bear this cost? We have concentrated on the passenger charge rather than the cargo charge.

Mr. **Inhofe**. I was talking about non-revenue passengers.

Secretary **Skinner**. It appears to me that putting aside the political implications of that, if you look at it, at O'Hare Airport, for instance. I fly, as you know, Congressman. I try to avoid O'Hare Airport even in a light jet because of the congestion problems.

The airport just is not geared towards it. Why should people not using that facility have to pay because they are using Milwaukee or Waukegan or somewhere else down the road?

We are concentrating on commercial aviation at major airports in the United States, which would then free up funds for all those other airports.

As long as we are talking about that group, you know, I would say this is the best thing for them to come along in a long time. If we are able to free up some entitlement funds as a result of this proposal to go into the discretionary pot, many of the airports that they use will be served and, hopefully, at no cost to them.

Mr. **Inhofe**. I am over-using my time. I want to be sure what I am talking about is the non-revenue passengers. Those are passengers that are generated by the airlines who are on a space available basis. If they were charged, then the PFC would be passed on.

They form a double levy. That is my concern.

Secretary **Skinner**. If an airline is flying its employees, for example, as part of their company policy and they are not paying regular fare, it would appear to me, that is an area where we got to be a little understanding, maybe a lot understanding.

Mr. **Inhofe**. Fine. Thank you, sir.

Mr. **Oberstar**. Mr. DeFazio.

Mr. **DeFazio**. Thank you, Mr. Chairman.

Mr. Secretary, thank you for traveling down here today. I suggest for your aid, if the recommendation perhaps weren't recommending to delete Amtrak funding and you were supporting Amtrak, that he could have done better on Amtrak yesterday.

I suppose it is against department policy to travel on Amtrak.

Secretary **Skinner**. I have invested well over $1 million this year in four separate studies of passenger rail and opportunities on the northeast corridor. I am interested in what we can do there as well.

Aviation capacity is my first priority right now.

Mr. **DeFazio**. I understand. We are somewhat in concert on this, which is an unusual situation.

Secretary **Skinner**. To say the least.

Mr. **DeFazio**. I would like to exploit that opportunity.

Secretary **Skinner**. In fact, when I heard you were supportive, I asked them to double check to make sure.

Mr. **DeFazio**. That is what I thought.

There have been a number of objections raised. I thought that perhaps you would be the person to best address those. One is—unfortunately he is not here at the moment, but Chairman Mineta raised the concerns about how this would somehow fragment the NAS. I don't share his concern there, but I thought perhaps you would best be able—he is concerned allowing the airports discretion in funding their own projects, that would somehow lead to the deterioration of an integrated national system.

Perhaps you could address that. I think it would do the opposite.

Secretary SKINNER. I think that argues well for some kind of ranking on the projects. The airport operators I talk to, especially in airports where the traffic is going up, they want the state-of-the-art equipment that is consistent with the national system. They want to put it in sooner than we are able to with normal Federal budgetary proceeds.

A good example is up in New York, the Port Authority of New York and New Jersey. They are anxious to install some recommended equipment by the FAA as part of their plan and do it earlier. We ought to give them the flexibility to do that.

That is important. I don't think, nor would I expect, legislation to come through that would allow New York Airport to pick some piece of equipment, an ILS system for example, inconsistent with the national system, or allow that it would not be maintained, checked and operated under the safety requirements of the FAA. I think we can deal with that issue.

Mr. DEFAZIO. In fact, they don't do that? I mean, you won't allow that or they won't be able to?

Secretary SKINNER. We just need the legislation to allow purchases. You can work on Congressman Mineta. He is usually more enlightened than that. I am surprised.

Mr. DEFAZIO. You know, the question is can—another question has been raised is, well, the trust fund is there. We are not spending the trust fund. Although, the Chairman is recommending a program to which we would be spending down the balance. Could you address, even if we programmed expenditure in a very short period of time of the so-called surplus of the trust fund, is the trust fund and expected revenues of the trust fund anywhere near adequate to your assessment of the needs of the system?

Secretary SKINNER. Well, it isn't. Even with some new user fees, which might be increased.

We estimate, and this is an estimate put together by both the FAA as well as the airport operators, but primarily the airport operators, that we have needs anywhere from six to ten billion dollars a year. There is just no way that the money in the trust fund, even if we begin to spend the balance down, is going to come anywhere close to meeting those needs.

Mr. DEFAZIO. These are essential needs. This is capacity. This is not——

Secretary SKINNER. These are not, Taj Mahals. These are the basic needs of the system.

Mr. DEFAZIO. One last thing. In your assessment as Secretary and the assessment of somebody in the Administration of the competitive situation vis-a-vis, you know, access for entering airlines or exiting airlines to enter into new markets, what is the latest constraining factor at this point in time?

We had testimony earlier that it was actually gates. Do you feel that is a significant constraint? Is that something that this proposal could address?

Secretary SKINNER. Number one, I do believe that gates are a factor.

I think you have got a pot of money and a certain portion of it that is now going toward other types of improvements can be diverted to gates, though we don't necessarily have to include them.

I think we need more detailed analysis of the impact on this program and of where we need gates. Gates are a congestion factor. Also, runways are a factor. If you don't have the concrete to land them on, or you don't have the equipment to bring aircraft in safely in the proper sequence, you can have all the gates in the world and they will stand idle.

I think one of the inhibiting factors is the fact that the airport operators have to reach, because of their funding needs, some of these long-term agreements that basically give almost monopolistic control of a facility to one particular airline. That is just not in the public interest.

I am delighted that the Antitrust Division has begun to look, it appears, at some of these issues. If we have a monopoly situation, we can begin to address them and open the market to those airlines that want to compete and find ways to make it easier for them to compete.

Mr. DEFAZIO. I wasn't aware of the Antitrust Division's interest. I am glad to hear they are going forward with that.

Thank you, Mr. Chairman. Mr. Chairman, thank you.

Mr. MINETA [presiding]. Mr. Packard?

Mr. PACKARD. Mr. Secretary, I appreciate your coming to testify. The concern, and I am sure it has been expressed in questions heretofore, is that we will not be—airports will not be spending their money if PFCs are allowed to increase the traffic flow of—at our airports, but rather, for revenue-generating purposes and so forth.

Is that a concern of your Department?

Secretary SKINNER. No, but it is a concern if we leave PFC's unbridled. I don't think any legislation that we would get successfully passed and we would support would not have substantial restrictions in it concerning what the money would be spent for.

It appears to me the abuses they are talking about would only be possible if we didn't have the mechanisms in place that have been recommended in some form or another by the Administration bill as well as the bill proposed by other committee members.

Mr. PACKARD. Do you have a feeling, Mr. Secretary, how the airline companies feel about the PFCs?

Secretary SKINNER. Well, I do. Airlines, as I mentioned a few minutes ago, are the ones that first got me dealing with this problem. I have for the last year and a half had ongoing discussions with the airlines, both individual airline heads as well as organizations as to where they stand.

A number of airlines have indicated their support. It appears to me a majority of airlines have indicated their support for passenger facility charge with certain restrictions.

There are a few airlines that don't appear to support it. I think most of the airlines, however, that carry most of the passengers are supportive. From my conversations over the last years with individual heads of airlines, I generally get the following:

Number one, congratulations on addressing the problems of congestion and capacity. Number two, can you find a way to do it that doesn't cut into my competitive edge at the airports where I enjoy that competitive position?

And I say, thank you for your compliment, and no, to number two. Let's find a way that everybody can compete. That is kind of the horns of the dilemma the airlines find themselves on. I am not so sure, if I were heading a major airline, I'd disagree. I am hoping, however, that given the problems that congestion is causing the airlines and given the safety factors that, in the bills when they really begin to see that this is serious business and serious discussions, all of the airlines in this country will say this is a major step forward.

We have had a void for 16 years on capacity and safety, congestion-relieving problems. Let's break the logjam and let's rise above parochial interests. I am beginning to see a lot of that going on.

I have been selling this for the last 18 months. It is not easy selling.

Mr. PACKARD. That is all I have, Mr. Chairman.

Secretary SKINNER. Thank you, Congressman.

Mr. MINETA. All right.

At this time, you folks want to go ahead and go vote? Mr. Lipinski, did you have a question?

Mr. LIPINSKI. No, I want to go ahead and go vote, so we can hold Sam here for a long as possible.

Mr. MINETA. Why don't I go ahead. Why don't you go ahead and vote. In the meantime, Mr. Oberstar should be here. I will just keep it going.

Peter, do you want to stay for questions as well? Anyone want to stay for questions? Otherwise, go ahead and vote.

Mr. LIPINSKI. When I return, I will be able to question?

Mr. MINETA. You will be able to.

Secretary SKINNER. I won't leave until you get to ask some questions, Congressman Lipinski.

Mr. LIPINSKI. Thank you, Mr. Secretary.

Mr. MINETA. While they are gone, let me take over.

Mr. Secretary, I apologize for not having been here during your testimony.

Secretary SKINNER. You were prominently discussed in it, anyway.

Mr. MINETA. First of all, could you explain to me what the driving force is? What is driving the need for the passenger facility charge?

Secretary SKINNER. What is driving the need is the fact that I look on the problems of aviation and I look at what available funding is going to be available from the Federal Government. Even though we propose increases of 78 percent in many of the capital accounts over the next five years, the funding is inadequate.

This is a way to allow greater funding now for a $6 to $8 billion need. If you look at the list of projects that have been projected, and I will be glad to share those with the Congressman, and look at the amount of money that would be available even under the Bush-enhanced program, it is woefully inadequate.

Congressman, when you put an airport together and you put all the facilities in, it is substantially greater undertaking than it has ever been before. Whether it is Denver at 2.5 billion, whether it is Chicago at 5 to 7 billion, whether it is in expansion out at Dulles——

Mr. **Mineta**. Mr. Secretary, are you saying there is a direct relationship between the PFC and increased capacity?

Secretary **Skinner**. Yes, there can very well be, and there should be. That is the priority that should be placed on it.

Mr. **Mineta**. If that is the case, why not increase the passenger ticket tax from 8 percent to 10 percent?

Secretary **Skinner**. Are you supporting that?

Mr. **Mineta**. Sir? I will tell you why I say that. It seems to me that what we are going to do is to Balkanize the Federal grant needs system. First of all, airports are going to say what is eligible as a PFC finance measure? What is eligible under AIP? Then they are going to have a two-track system in terms of applications coming to the Department of Transportation.

As you said, these are not going to be unbridled. There are going to be restrictions. The question is, all right, if this is a restriction here, what are the restrictions? Do I finance whatever I want to do with PFC or do I finance it with AIP monies?

So, you got—you are going to have a two-track application system based on whether it is AIP-financed or PFC-financed. It just seems to me if you are going to do that, I don't know why we don't increase the passenger ticket tax to 10 percent, keep it one system, national collection system, why we have to have two PFCs only restricted to the first two airports and not to the other subsequent airports.

It just seems to me that we are talking—you are talking about bureaucracy and paperwork. The other part of it, as I said earlier, is I am afraid we are going to get away from NAS, the National Airport System plans, and we are going to Balkanize the whole airport system. You have thought this thing out.

I really would like to get from you the driving force on how you see the scenario. My other scenario is the bean counters, whom you have had to—I see those black and blue marks all over you. I know you wanted to go far beyond what they wanted to do in the President's strategy.

I am afraid that they are going to say, let's eliminate the medium and large hubs from AIP, and because they have got PFCs, and then three years, they will start cutting back on AIP and leave the AIP for the smaller airports.

So, it is that kind of a scenario that, to me, creates a playing field for mischief.

Secretary **Skinner**. Well, let me see if I can address it.

Mr. **Mineta**. Unfortunately, I will have to leave to go vote, and I will come back and hear your answers. You may continue with your response.

Mr. **Oberstar** [presiding]. We will give it to him in the transcript.

Secretary **Skinner**. What I would say to Congressman Mineta, is, number one, the needs are much greater than what the trust fund alone can provide.

Number two, there is a great deal of lack of predictability on what the Federal budget situation is going to be. We have already seen that we have been held hostage to some degree by the budget situation.

The PFC is a way to generate substantial revenues outside the budget's control. If you look at the budget increases with demand as great as it is, we see that there is not enough to go around. This Administration is committed over the next five years to fund an increase in all these capital accounts. It just isn't enough.

Then we get the PFC. We get greater local consensus. The ticket tax has been caught up over the years in the Federal bureaucracy. And enhanced PFC capacity allows us, and this program with this additional funding, to make capacity available without regard to an exclusive contract with one airline.

Mr. **Oberstar**. I agree with the need to provide capacity, particularly at those airports that are single-carrier-dominated hubs, and that the dominant carrier at that hub should not have veto authority to exclude competition on—at least on the basis of airport capacity. That is unfair, ought not be tolerated.

What role under any one of these PFC scenarios would you envision the Secretary of Transportation playing in assuring that true capacity enhancement projects would be funded?

Secretary **Skinner**. Well, I believe we would have a significant role. I think we would have a role that would give local flexibility but, at the same time, require that the local airport authorities demonstrate to us why the projects are in the best interest.

And if there is an objection, then I think we should have the ability to let the Secretary kind of arbitrate on many of these issues. The airports would, under our bill, be required to notify the Secretary of a PFC imposition and allow us to approve or disapprove a project or projects for which it would be imposed.

The other bill that has been proposed would require rule-making along with consultation with airlines. It appears to me that we have got to decide all of the users of the system, not just the airlines ought to be able to have their input.

We clearly don't want to give them the veto. If we hold it to AIP projects and find a mechanism that would allow those things clearly objectionable to be arbitrated, we can protect the integrity of the funding.

Mr. **Oberstar**. You then encourage a consultative process with the airlines, but not a veto authority by the airlines as they now have in the majority interest provisions?

Secretary **Skinner**. It won't work if you allow a veto.

Mr. **Oberstar**. You are the only focal point for a national policy, national perspective?

Secretary **Skinner**. I think that is correct. The Department is, but not me. The Department, under guidelines prepared under the rule-making procedures. Everybody, as you prepare these overall guidelines or standards, everybody has a right to participate under normal rule-making in the process, but not in the individual decision-making.

Mr. **Oberstar**. The end result reflects national policy?

Secretary **Skinner**. That is correct. That would meet Congressman Mineta's concerns.

Mr. OBERSTAR. I want to yield to Mr. Clinger, on this matter of off-airport. As the land-side of development, I have raised the caution, because we went through a very long, arduous exercise with Hawaii on what started out to be use of funds for airport enhancement and capacity improvement. As we went along, it began to expand to projects that never were envisioned in the first place.

I fear that without a strong DOT role and strong DOT ability to relate projects to a national plan, we are going to have a whole array of projects funded by itinerant passengers for purposes that help benefit a much larger platform.

Secretary SKINNER. I am totally dedicated to working with the committee in finding a way to do that. I don't want these funds to be used for anything that is not absolutely essential to safety and less congestion.

Mr. CLINGER. Thank you very much, Mr. Chairman.

Mr. Secretary, we thank you for appearing today.

I think you understand there has been concern expressed this morning, prior to today really, about the potential for balkanization of the system.

Clearly, you share our concern in that regard. You would do everything possible to avoid that kind of result from the PFC.

The other concern I think that a number of us on the committee have had is that if the PFCs go forward, that would be some sort of invitation to either the Administration or the Appropriations Committee to say the airports have sufficient funds to do these things that they want to do, therefore, we can cut back on the appropriations because the needs are being met in another regard. In short, passenger facility charges would take the place of the federal funding.

I think we are looking for some sort of assurance—I guess it needs to be more than just an assurance that that would not be the case.

Could you provide anything that would give us confidence that would not be the result?

Secretary SKINNER. Number one, the budget.

You know the budget situation probably better than I do. It occurs to me that we do have a substantial commitment in a plan the Administration has already proposed. For the short range, I think we honestly are in pretty good shape with a pretty substantial increase in the program. I cannot guarantee what future administrations will do.

I can guarantee, however, that if we do not do something we are going to sit around—and we are on the horns of a dilemma. We say "I don't want to do this because I might not get what I think I should get out of the trust fund, or in the appropriations process." Yet for the last 16 years, we have not been—or at least the last number of years, for a variety of reasons unrelated to aviation and even though the needs are there, we have not got what we needed.

That is the reason we are behind the power curve. We can say, "well, times are going to change, we are going to get all we need out of the trust fund and all we need out of the general revenues." That is not realistic.

In order to get that trust fund up and generated, to generate $900 million, we are trying to raise the ticket tax from eight percent to 10 percent. You and I know that that has not met with the best of reception in some parts of the Congress.

So it is not automatic that if we do not do this, we will automatically have our needs satisfied. They have not been satisfied by the regular process. This is a process that we have much more control over.

We in aviation, with an interest in aviation, have much more control over it. Because it is not sitting in the Federal Treasury subject to be raided for a savings and loan crisis, the energy crisis, the radioactive nuclear waste crisis. You tried to get it off budget. I stand where the Administration stands on that.

Putting aside that, it has been unsuccessful so far. In many respects what you are doing here is accomplishing indirectly what you can't accomplish directly, that is, generating and using user fees to enhance capacity and safety in the system without allowing an ability to raid it, because it is not federal money.

Mr. CLINGER. You may have heard the gentleman from Ohio, indicated he couldn't support the PFC unless there was an off-budget with that.

Secretary SKINNER. I didn't hear that.

Mr. CLINGER. The concern that reflects is we have been misled in the past.

What about the possibility of having a trigger mechanism so this would trigger the PFC at a time when we had the spending stream that was consistent with the spend-down to the level that has been assured us?

Secretary SKINNER. It appears to me we really have to get beyond that, because it appears to me this committee and the Secretary of Transportation are very dedicated to enhancing as a top priority aviation capacity and congestion elimination.

When they balance things, over in OMB, they have a number of problems that they balance. As you know, some are much more immediate than the ones we have. So what appears to me that they may say in balancing, "I don't care about the trigger or not; I have to move and solve some of these other problems. Even if that costs me on one side, the problems are so critical and so immediate, I have to go solve them."

So, therefore, I don't think that would really work. I think what we have to do is say, look, let's take the world as we find it. Let's realistically look at what has happened and what will happen and then let's find almost a safe, fool-proof system to enhance capacity. I think PFCs are the way to do that, even more than some of the other things that have been suggested.

I feel that strongly. I didn't come in here a year and a half ago with any preconceived notions. I just think that to get involved in the budget process and try to compete—as good as our argument might be—against the immediate problem of bailing out savings and loans or getting rid of high level radioactive waste, we are going to be held hostage from time to time as these critical problems occur.

We can eliminate that through the PFC, putting into place controls so it would go for many of the same purposes that the general revenues or the ticket tax or the trust fund would go for.

Mr. CLINGER. I have two final questions.

You indicated that a portion of the entitlement funding money would be returned to the trust fund if an airport sponsor decides to impose a PFC. Would you or the department support an amendment that would earmark, or some sort of formula that would assure these airports, which are not likely to benefit from a PFC, the smaller regional airports, that a formula would provide for them to receive a portion of those redistributed funds?

Secretary SKINNER. Well——

Mr. OBERSTAR. Before you respond, Mr. Secretary, let me refine that a little bit.

Supposing we were to set aside out of the funds foregone, AID funds foregone, set aside a larger amount than the current 10 percent for small airports?

Secretary SKINNER. You know, one of the purposes of this program—and the forfeiting of a portion of the entitlement funds—would be to get funds also available to enhance capacity at these smaller airports. If, in fact, they want assurance—then we are on the horns of another dilemma.

It is the big airports that say "we want all we are entitled to plus everything else new that we can get." The others say, "it's not doing anything for me, it is just going to make the big airports more competitive, so, therefore, if I don't get something out of it, all I do is enhance those that have and take away already from those that have not."

We have to find a way to give the "have nots" something that is substantial, to give them assurance they will get that. If that means playing with the mechanism, I certainly will be more than willing to discuss it.

I want everybody to feel comfortable as we go through this process that they were treated fairly and have reasonable and fair expectations.

If that means changes in legislation, my staff is more than willing to work with you.

Mr. CLINGER. I think that is very encouraging.

Mr. Secretary, just one final question.

I want to give you a chance to respond. There was a rather anonymous press release put out here on the table which calls into question somebody's credibility to begin with, but the charges that your assistants have been putting undue pressure on the airlines to put pressure on ATA not to testify here today, and that the techniques used were not only inappropriate but perhaps, you know, coercive.

I want to give you a chance to respond to those.

Secretary SKINNER. I did see it as I walked in. It is no secret I am a proponent of reauthorization for aviation, including enhancing capacity. There is no question I have for the last year and a half been trying to garner support from every possible source.

In preparation for my hearing today, I wanted to know for all of the interest groups, where they stood, so if I got a question, "where does X stand, where does Y stand," where we stood.

I knew from earlier discussions with the Air Transport Association, I was getting mixed signals. One person said one thing, another said another.

As part of this gathering of support, I asked for an inventory to be taken to find out where the airlines stood.

To my knowledge, nobody talked to ATA about testifying or not testifying. That is their prerogative. I respect that a great deal.

I do, though, however, want to accurately reflect to Congress where I believe the industry stands on this, if I am asked a question. As I said a few minutes ago, a number of them have said they are supportive. A couple of others I say have indicated less—and there is no relationship whatsoever between that normal policy gathering consensus and what is contained in this press release.

Had I not been a former prosecutor who is used to seeing anonymous information like this that has no validity, I suppose I would take more umbrage at it. But, you know, I saw this kind of stuff for years. It is without foundation.

Mr. **Clinger**. You are saying flat out under oath no threats were made?

Secretary **Skinner**. No threats, no coercion, no nothing. It was an attempt by us to find out where everybody stood. We have been calling and getting as much support for this proposal as we can. Many of the airline people told me they were supportive but hadn't really publicly said so. I said, if you are supportive, support us.

Mr. **Clinger**. Thank you.

Mr. **Oberstar**. I think it is appropriate for that question to be raised. I was going to raise it myself. I think it is reprehensible for someone to circulate an unsigned, undocumented, unspecified statement of that nature, leave it at our press table.

On the other hand, it was well-known prior to the hearing that there had been calls made with clear implication that Assistant Secretary Shane had authority to exercise judgment on certain airline routes and so forth. These allegations were made. I would prefer that the offended parties hold their own news conference and make their own statements and charges and make them public rather than complaining to the committee.

In view of the complaints, I have no problem.

Secretary **Skinner**. I have no problem.

Just for your own information, Mr. Shane is the senior policy person in the Department, as you know. He would be deeply involved in this issue. Neither Mr. Shane nor I are the decision maker in route awards, however. The decision maker is the senior career official in the Department. Mr. Shane and I through the normal chain of command review such decisions. We don't make those decisions nor can we make those decisions. Those are made at the senior career level.

It is most appropriate that people who knew people were just trying to find out where everybody stood. I find it unfortunate, I find it not only a cheap shot, but without foundation and, as I said, I have seen that for years. So I don't worry. I find it offensive, but I am not going to worry about it.

Mr. **Oberstar**. My view on such matters is people who are afraid to hear viewpoints different from their own are not very secure in their position.

While the business world feels they compete, I want to tell you, politics is a hell of a lot more competitive. You are on display and under criticism from everybody.

Mr. Secretary, I am going to leave to vote. I will ask Mr. Bosco to take the Chair. There are many members coming back after this second vote with further questions.

Mr. Bosco [presiding]. Thank you. I guess not only will I take the Chair, but I will have to resume the questions.

Along the same lines, I feel the same way that I think everybody else who has spoken does about anonymous press releases or charges of any type. But it does seem peculiar to me that on an issue that should be attended by considerable controversy, no one is prepared to testify against it.

Mr. Shane, for instance, would not have been the one that made these calls, being a senior policy person; is that true?

Secretary SKINNER. No, Mr. Shane is not the senior policy person. I am the senior policy person. Mr. Shane is the next senior policy person. Neither one of us is the decision maker in any of these route cases. That is a senior career official that works in the policy shop that is insulated from it.

Basically, before you came into the hearing room we talked about this. We have been talking to the airline industry for the last year and a half about whether they will support something they asked me to do, that is find a proposal to enhance capacity. And to anticipate questions from the committee, I asked that we inventory all the interest groups in aviation as to where everybody stood so I could accurately say—I think if somebody wants to come in and testify—"I am hearing a lot of comments."

I have no qualms about opposition. I never thought this would be a slam-dunk with no objections. And I don't worry about that.

Mr. Bosco. Are you saying that no one ever suggested to anyone in the industry that they not testify here today, no one suggested that they could achieve disfavor with your department if they did so? No one implied that other decisions are being made at the other routes and such things that could be jeopardized, that this never came up in any discussion between employees of your department, Mr. Shane or others, and airline companies or others that might be prepared to testify?

Secretary SKINNER. Number one, I am quite confident that the people that made those calls did not discuss routes or awarding of routes. It is not in their prerogative to award them.

Number two, obviously I would assume the people that made those calls indicated the Secretary of Transportation is trying to respond to a request you made a year and a half ago to enhance capacity and I hope you can support him. I have been making those calls for the last year and a half.

No one enjoys any disfavor for taking a position they are right to take.

I would hope, Congressman, that the industry that asks me to stick my neck out and come up with a proposal to enhance capacity would now rise above their parochial interests and support a meaningful proposal.

Mr. Bosco. Mr. Secretary, I can understand your hope. However, they may have differing views from yours as to how this could be accomplished.

All of us would want them to feel free to express those views. Let me specifically ask did Mr. Shane call all or many of these airline companies recently and discuss with them their possible testimony today? Did he or didn't he?

Secretary SKINNER. All I know is Mr. Shane called and asked, along with other people in the department, where airlines stood on these issues because they had told us they would let us know.

Mr. BOSCO. It is your position this was merely kind of a taking of a tally, something that a clerk perhaps could have done, just so you would be aware of whether Continental, Eastern, United are for it, Piedmont, some of the others—against it.

But, so you could give us a tally. This was not——

Secretary SKINNER. I took the same tally from Congress. I have been trying to find out whether Congress gets the same indication as we do that's right.

Mr. BOSCO. This was not an attempt to influence them into perhaps not testifying before us today?

Secretary SKINNER. No. There was no attempt to dissuade them from testifying in any way to my knowledge. It wouldn't be authorized. I really wanted to gather as much support for this proposal as possible. I have done that. I had a breakfast meeting with Congressmen over the last several weeks to do the same thing. I just needed to know for today where everybody stood. We took inventory in all segments of society.

Mr. BOSCO. Let me ask you on another point, Mr. Secretary, the airports and the airlines have contracts, as you know, that allow under certain circumstances the airlines to veto improvements or to make modifications of proposed improvements.

Do you believe yourself that this has anti-competitive aspects to it?

Secretary SKINNER. Well, I don't think—let me put it this way. I understand about a third of the major airports that would be affected by PFCs have some kind of understandings or agreements with airlines, that it has been suggested ought to be abrogated by legislation. I have also been told many of these airlines would be willing participants with those airports in giving up whatever contractual rights they might have to have enhanced capacity along the lines we have talked about.

I do not think if that is the case that the remaining few recalcitrants, if they are any, who would be unwilling to give up these contractual obligations, that that should control the type of legislation that has been suggested.

I am not so sure it warrants that type of legislation. The way to deal with that is to do it the way the Anti-trust Division is—from what it appears to be in the newspaper—and conduct monopoly investigations of airlines to see whether or not they do enjoy that situation.

I am not in a position to opine on whether or not those contracts meet or are violations of anti-trust law. But I think the anti-trust division is certainly capable of doing that. The fact that they have started that inquiry I think will answer that question for us.

Mr. BOSCO. Would it be your belief, though, that airlines enjoy those sort of contractual rights, should not be able to extend those rights over to projects funded by this passenger charge?

Secretary SKINNER. It would appear to me that that would have a stronger argument. I don't think an airline should have a lock on an airport. I think an airport is developed in the best interests of this country and the consumers of this country. It is mainly their dollars that go in there. You know, they are the ones that eventually pay the ticket fees.

I don't think it enhances competition or the American economy to have any one airline in control of any one facility. I think moving forward with PFCs is one of the ways we can act to eliminate any possible aura of control that might exist in some of those contractual obligations.

Mr. Bosco. Thank you.

Mr. Duncan, do you have any questions?

Mr. DUNCAN. Mr. Skinner, just one question.

I am a little concerned about this open-ended authority of the Secretary. You have been a fine secretary but I am a little concerned about the authority this gives the Department of Transportation to raise this fee, charge or tax afterwards.

Would your department still support this legislation if we didn't have that provision in there, if we just capped it at $3?

Secretary SKINNER. Well, I guess I would have to look at all the legislation and all the implications. It doesn't give us that much more authority. We would have to go through a procedure to adjust it. I would hope we would have that flexibility. Not having it, is it fatal? I would hope not. But I would also hope that we get it.

Mr. DUNCAN. If we leave that in there, what is to keep some later administration or some later secretary from raising these charges just out of the ceiling?

Secretary SKINNER. There is rule-making it would have to go through. It very well may be we would want to put limitations on it as well. We would be willing to discuss that.

The compromise might be limitations so it is not just open-ended all the way. It was not our intention to give an airport authority the ability of just unfettered raising of the passenger facility charge substantially above the $3 Congress would have prescribed as the norm.

Mr. DUNCAN. I am particularly concerned about that portion of the bill. I think somebody needs to look at that part of it.

Thank you.

Secretary SKINNER. Thank you.

Mr. Bosco. Who is next over here?

Mr. Laughlin?

Mr. LAUGHLIN. Good afternoon, Mr. Secretary. It is a pleasure seeing you again.

I represent a large rural area. We have no commercial airports within the district I represent, but within 30 miles of various borders to my district, we have five major airports.

I am sitting here. I cannot recall a single occasion being in any of the two airports in Houston, the one in Austin, the one in San Antonio, and the one in Corpus Christi and not seeing a constituent that I represent here. I am just—and within the 22 counties I represent; we have 35, 38 municipal airports.

I was taken with your testimony that the PFCs will benefit the small to medium airport. I hope you are not like those guys from Wall Street that were here last year that were downgrading our rural communities when they said small airports were those the size of those in Memphis. I don't have a town that size.

All our airports are in—in rural America are important to the economic welfare and development of those communities. I wonder how this charge that my constituents are going to be paying in Houston and at DFW, Austin, those other large city airports are going to benefit the small to medium community airport?

Secretary SKINNER. You were out when we talked about that a little bit, I think. This will make available a portion of the entitlement funds. As a condition of assessing passenger facility charges, the large airports give up a portion of their entitlement funds.

Those entitlement funds go into the discretionary pot. Congressman Clinger talked about maybe ensuring through a mechanism that a portion, a substantial portion of that will go into the smaller airports. They now have a much bigger pool to draw on, as much as $500 million which they could draw on for enhancing capacity at those other airports.

I am suggesting we would work on a mechanism, be willing to discuss a mechanism that ensures a flow of that discretionary dollar is available to the smaller airports.

Mr. LAUGHLIN. I will yield. I want to be sure you are saying $500 million would be available to the small to medium airport?

Secretary SKINNER. I said up to $500 million under the proposal would be available in the discretionary fund.

We talked with Congressman Clinger about working on making sure a substantial portion of that would go to the smaller and rural areas.

Mr. LAUGHLIN. I have other questions, but I yield to the gentleman from California.

Mr. MINETA. Mr. Secretary, I want to go over this process again. You are saying based on the applications that would be submitted, you may withhold some entitlement funds as far as the application for the use of the PFC? I mean, you talk about a political situation about whether or not Mr. Shane called here or did not.

Secretary SKINNER. No, it is automatic, Congressman. If, in fact, you levy a passenger facility charge, as to the entitlement funds you would normally get for that airport, you would not get the full share automatically. A portion of that would go back into the discretionary funds that are now available through the FAA.

We now have a discretionary pool. It is woefully inadequate to address the small rural areas of this country.

That discretionary pot would increase substantially because a portion of the entitlement funds from the bigger airports would go back into the discretionary fund and be available for grant applications by small and rural areas. It would be automatic.

Mr. MINETA. The large and medium hubs would not be eligible?

Secretary SKINNER. They would be eligible. While you were out, Congressman Clinger said how can I ensure—we know all that money going into the discretionary account won't go to the big airports again? How will we know we will get our fair share for the small, rural and nonurban airports?

I said we would be wiling to discuss mechanisms to ensure that a substantial portion of that is dedicated towards that particular type of airport rather than being available all to the major airports.

That is what we talked about. We think that, is something worth discussing. That would give the insurance necessary.

It is much the some way in surface transportation. We deal with the rural, exurban areas as part of the legislation. What will flow where, how we assure it is going to go where.

Mr. LAUGHLIN. Mr. Secretary, you just touched on a concern I have of money going back into the discretionary funds where my municipal airports have to compete against JFK, DFW, San Francisco or Los Angeles for the discretionary funds.

I am wondering if you considered a setaside of a certain percent of those discretionary funds for airports and communities or counties below a certain population?

The concern I have is the political world. The city of Houston sits within its boundaries. They have five and they could claim six Congressmen. I represent 22 counties, which is substantially larger than the city of Houston geographic-wise.

When you start getting into discretion, the Secretary of Transportation making those decisions, I am concerned that the rural airports scattered around America are going to come up short.

Secretary SKINNER. Well, I would make a couple of observations.

Number one, the program is set up. The Secretary doesn't have that much discretion nor does the administrator. A lot of it goes by criteria.

Number two, I ran the numbers. Between 1985 and 1989, 58 percent of the discretionary funds in the system went to small, nonhub airports. So a good—a majority of that funding is going, the discretionary funding is going to small nonhub airports right now.

Whether that percentage should be fixed in concrete, whether it should be less, whether it should be more, remains for the legislative process.

Mr. LAUGHLIN. With due respect, Mr. Secretary, I am afraid you may be using the formula for "small" that Wall Street fellow did.

Secretary SKINNER. I don't think so.

Mr. LAUGHLIN. We can visit on that at a later point.

Secretary SKINNER. Let me do this. We will get the information to you. Fifty-eight percent of the total funds was made to general aviation reliever commercial service airports and small hub and non-hub primary airports.

Those small ones are 2,500 to 10,000 passengers a year.

We will get you a list of the airports it went to. I think you might be surprised, Congressman, as to how much of that discretionary money went to what you and I define as small airports.

[The information received follows:]

FAA DISCRETIONARY FUNDING, 1985–1989

FAA allocated a total of $2.3 billion in discretionary funds between 1985 and 1989. The discretionary categories include Noise, Reliever, Commercial Service-Non Primary (enplaning between 2,500 and 10,000), Planning and the purely discretionary fund that remains after all other apportionments have been made (507(c)). Of the total amount, $1.3 billion was allocated to small hub primary, non-hub primary, commercial service-non primary, relievers and general aviation airports. These are airports enplaning less than 0.25% of total enplanements.

Attached is a list of the grant awards by the categories described above.

NOTE: There are some entries that show $0.00 or a small sum. The reason for the zero amount is that a project is originally planned to be funded from discretionary funds, but then excess entitlement funds are recovered from other projects that the airport operator has underway and are instead applied to this project. Thus, no discretionary funds were required. The reason for the small amounts could be the same as described above, or it could be that in closing out a project funded by entitlement funds, a minor amount of funding is required beyond what was available. In this case the FAA has authority to tap the discretionary fund to make up the difference.

DATE 06/26/1990 AIP DATA -- DISCRETIONARY FUNDS -- GENERAL AVIATION AIRPORTS PAGE 1

FY	ST	CITY	LOCATION	AMOUNT
89	AL	FOLEY	FOLEY MUNICIPAL	7,699.00
		HUNTSVILLE	HUNTSVILLE NORTH	58,500.00
	AR	STUTTGART	STUTTGART MUNICIPAL	441,989.90
	AZ	BUCKEYE	BUCKEYE MUNICIPAL	445,466.00
		COLORADO CITY	COLORADO CITY	36,424.00
		COTTONWOOD	COTTONWOOD MUNICIPAL	70,861.00
		NOGALES	NOGALES INTERNATIONAL	91,788.00
		TUBA CITY	NEW	54,534.00
	CA	APPLE VALLEY	APPLE VALLEY	135,000.00
		BAKERSFIELD	MEADOWS FIELD	90,000.00
		DAGGETT	BARSTOW-DAGGETT	74,250.00
		MADERA	MADERA MUNICIPAL	55,710.00
		REDLANDS	REDLANDS MUNICIPAL	40,000.00
		SAN BERNARDINO	NEW	118,638.00
		TURLOCK	TURLOCK MUNICIPAL	70,200.00
		VICTORVILLE	NEW	118,638.00
	CO	EAGLE	EAGLE COUNTY	1,935,000.00
		LONGMONT	LONGMONT MUNICIPAL	620,000.00
		SAN LUIS	SAN LUIS	27,000.00
	FL	AVON PARK	AVON PARK MUNICIPAL	32,400.00
		LAKE CITY	LAKE CITY MUNICIPAL	90,634.00
		PALATKA	KAY LARKIN	237,000.00
		TAMPA	PLANT CITY MUNICIPAL	97,000.00
	IA	ANKENY	NEW	29,435.00
		KNOXVILLE	KNOXVILLE MUNICIPAL	93,902.00
		MARSHALLTOWN	MARSHALLTOWN MUNICIPAL	98,903.58
		OTTUMWA	OTTUMWA INDUSTRIAL	70,183.00
	ID	CRAIGMONT	CRAIGMONT MUNICIPAL	35,000.00
		WEISER	WEISER MUNICIPAL	40,000.84
	IL	JACKSONVILLE	JACKSONVILLE MUNICIPAL	7,966.08
	IN	ANDERSON	ANDERSON MUNICIPAL	0.08
		INDIANAPOLIS	HENDRICKS COUNTY (NEW)	49,500.00
		VALPARAISO	PORTER COUNTY MUNICIPAL	60,120.00
	KS	IOLA	ALLEN COUNTY	139,171.49
		MEADE	MEADE MUNICIPAL	106,650.00
		PHILLIPSBURG	PHILLIPSBURG MUNICIPAL	32,400.00
	KY	GILBERTSVILLE	KENTUCKY DAM STATE PARK	418,481.00
	LA	RUSTON	RUSTON MUNICIPAL (NEW)	1,980,230.00
	MD	CUMBERLAND	CUMBERLAND	60,213.00
		OAKLAND	GARRETT COUNTY	68,940.00
		STEVENSVILLE	BAY BRIDGE INDUSTRIAL	800,000.00
	MI	ANN ARBOR	ANN ARBOR MUNICIPAL	200,000.00
	MO	CARTHAGE	MYERS PARK MEMORIAL MUNICIPAL	17,460.00
		POINT LOOKOUT/BRANSON	M. GRAHAM CLARK	40,500.00
		ROLLA/VICHY	ROLLA NATIONAL	189,995.24
		SEDALIA	SEDALIA MEMORIAL	846,587.00
		SULLIVAN	NEW	0.00
	MS	CORINTH	ROSCOE TURNER	53,589.00
		NEW ALBANY	NEW ALBANY-UNION COUNTY	23,396.00

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FY	ST	CITY	LOCATION	AMOUNT
89	MS	PASCAGOULA	JACKSON COUNTY (NEW)	214,784.00
	NE	LEXINGTON	LEXINGTON MUNICIPAL	327,523.50
	NV	FALLON	FALLON MUNICIPAL	201,996.00
		MESQUITE	MESQUITE	0.00
	NY	CANASTOTA	MADISON COUNTY (NEW)	99,000.00
		MONTICELLO	SULLIVAN COUNTY INTERNATIONAL	54,000.00
		PENN YAN	PENN YAN	53,712.00
		WATKINS GLEN	SCHUYLER PARK (NEW)	108,000.00
	OH	FINDLAY	FINDLAY	90,000.00
		FREMONT	FREMONT - PROGRESS FIELD	13,117.00
		VAN WERT	VAN WERT COUNTY	117,000.00
	OK	ADA	ADA MUNICIPAL	74,000.00
		ARDMORE	ARDMORE DOWNTOWN EXECUTIVE	0.60
		CHANDLER	CHANDLER MUNICIPAL	43,200.00
		CLAREMORE	NEW	36,000.00
		ENID	ENID WOODRING MUNICIPAL	165,365.00
		MIAMI	MIAMI MUNICIPAL	500,000.00
	OR	CORVALLIS	CORVALLIS MUNICIPAL	0.15
		TILLAMOOK	TILLAMOOK	45,000.00
	PA	HAZLETON	HAZLETON MUNICIPAL	27,701.00
		LEBANON	NEW LEBANON COUNTY	85,428.00
	SC	WINNSBORO	FAIRFIELD COUNTY	1,142,548.00
	TN	COVINGTON	COVINGTON MUNICIPAL	93,870.00
	TX	DECATUR	DECATUR MUNICIPAL	40,050.00
		GRANBURY	GRANBURY MUNICIPAL	26,547.00
		PORTLAND	HOMEPORT (NEW)	200,000.00
		SHERMAN/DENISON	GRAYSON COUNTY	36,000.00
		SMITHVILLE	SMITHVILLE MUNICIPAL	45,000.00
		WAXAHACHIE	MIDLOTHIAN-WAXAHACHIE (NEW)	1,375,203.02
	UT	KANAB	KANAB MUNICIPAL	0.07
		LOGAN	LOGAN-CACHE	0.92
	VA	ABINGDON	VIRGINIA HIGHLANDS	1,560,000.00
		BLACKSBURG	VIRGINIA POLYTECHNICAL INSTITUTE	0.11
		FRONT ROYAL	FRONT ROYAL-WARREN COUNTY	28,080.00
		LEXINGTON	NEW	50,850.00
		MARION/WYTHEVILLE	MOUNTAIN EMPIRE	58,266.00
		RICHLANDS	TAZEWELL COUNTY	987,112.00
		TAPPAHANNOCK	TAPPAHANNOCK-ESSEX COUNTY (NEW)	81,075.00
		WINCHESTER	WINCHESTER REGIONAL	150,000.00
	VT	MORRISVILLE	MORRISVILLE-STOWE STATE	30,593.00
	WA		VARIOUS LOCATIONS	28,500.00
		CHELAN	LAKE CHELAN	54,000.00
		ELLENSBURG	BOWERS FIELD	63,000.00
		SHELTON	SANDERSON FIELD	75,000.00
	WV	MARTINSBURG	EASTERN WV REGIONAL/SHEPHARD FIELD	97,365.00
		PINEVILLE	KEE FIELD	2,677.00
	WY	GREYBULL	SOUTH BIG HORN COUNTY	0.28
			FY TOTAL	18,892,939.86

FY	ST	CITY	LOCATION	AMOUNT
88	AL	MOBILE	BROOKLEY	33,547.00
	AR	BLYTHEVILLE	BLYTHEVILLE MUNICIPAL	215.06
		HELENA-WEST HELENA	THOMPSON-ROBBINS	16,347.94
		PARAGOULD	KIRK FIELD	72,000.00
		PINE BLUFF	GRIDER FIELD	173,592.98
		ROGERS	CARTER FIELD-ROGERS MUNICIPAL	1,600,415.00
	AZ	FORT HUACHUCA	LIBBY AAF/SIERRA VISTA MUNICIPAL	111,516.00
		HOLBROOK	HOLBROOK MUNICIPAL	22,766.00
		KAYENTA	KAYENTA	238,484.00
		PAYSON	PAYSON	45,530.00
		SHOW LOW	SHOW LOW MUNICIPAL	66,019.00
		TAYLOR	TAYLOR	27,318.00
		TUCSON	AVRA VALLEY	570,275.00
	CA	BAKERSFIELD	KERN VALLEY	76,500.00
		BANNING	BANNING MUNICIPAL	44,460.00
		BECKWOURTH	NERVINO	46,350.00
		CARLSBAD	MCCLELLAN-PALOMAR	157,500.00
		CHESTER	CHESTER	46,350.00
		COALINGA	NEW	58,500.00
		DUNSMUIR	DUNSMUIR MUNI-MOTT	39,600.00
		FALL RIVER MILLS	FALL RIVER MILLS	17,070.00
		GRASS VALLEY	NEVADA COUNTY AIR PARK	58,516.00
		JACKSON	WESTOVER FIELD/AMADOR COUNTY	54,450.00
		OAKHURST	NEW	96,232.00
		OROVILLE	OROVILLE MUNICIPAL	48,645.00
		PLACERVILLE	PLACERVILLE	42,300.00
		QUINCY	GANSNER FIELD	46,350.00
		SHINGLETOWN	NEW	37,650.00
		THERMAL	THERMAL	135,000.00
	CO	BOULDER	BOULDER MUNICIPAL	16,442.67
		EAGLE	EAGLE COUNTY	2,043,000.00
		GREELEY	GREELEY-WELD COUNTY	39,744.00
		LONGMONT	LONGMONT MUNICIPAL	77,945.00
		PAGOSA SPRINGS	STEVENS FIELD	18,026.03
	FL	AVON PARK	AVON PARK MUNICIPAL	20,100.00
		LEESBURG	LEESBURG MUNICIPAL	58,520.00
		PAHOKEE	PALM BEACH COUNTY GLADES	40,900.00
		WINTER HAVEN	WINTER HAVENS GILBERT	50,000.00
	GA	CANTON	CHEROKEE COUNTY	6,280.00
		CARROLLTON	WEST GEORGIA REGIONAL	21,259.00
		WINDER	WINDER	149,928.00
	IA	DENISON	DENISON MUNICIPAL	297,795.00
		IOWA CITY	IOWA CITY MUNICIPAL	124,265.00
	IL	KANKAKEE	GREATER KANKAKEE	470,000.00
		PEORIA	MOUNT HAWLEY AUXILIARY	8,967.00
	IN	ANDERSON	ANDERSON MUNICIPAL	29,367.00
		INDIANAPOLIS	HENDRICKS COUNTY (NEW)	41,940.00

FY	ST	CITY	LOCATION	AMOUNT
88	IN	MICHIGAN CITY	MICHIGAN CITY MUNICIPAL	218,160.00
	KS	CHANUTE	CHANUTE MARTIN JOHNSON	762,891.16
	KY	BOWLING GREEN	BOWLING GREEN-WARREN COUNTY	40,500.00
		PIKEVILLE	PIKE COUNTY-HATCHER FIELD	46,799.00
		RUSSELL SPRINGS	RUSSELL COUNTY	1,000,000.00
		SOMERSET	SOMERSET-PULASKI COUNTY-J T WILSON FIELD	12,700.00
	LA	RUSTON	RUSTON MUNICIPAL (NEW)	0.90
	MD	EASTON	EASTON MUNICIPAL	1,970,000.00
		STEVENSVILLE	BAY BRIDGE INDUSTRIAL	1,170,390.00
	MI	CHARLOTTE	FITCH H BEACH	45,000.00
		GRAND RAPIDS	GRAND RAPIDS HELIPORT (NEW)	90,000.00
		PORT HURON	ST CLAIR COUNTY INTERNATIONAL	1,411,092.00
	MO	CARTHAGE	MYERS PARK MEMORIAL MUNICIPAL	35,010.00
		HANNIBAL	HANNIBAL MUNICIPAL	38,400.00
		SALEM	SALEM MEMORIAL	168,813.02
	MS	BATESVILLE	PANOLA COUNTY	1,400,000.00
		CORINTH	ROSCOE TURNER	9,409.00
		GREENWOOD	GREENWOOD-LEFLORE	30,000.00
		PASCAGOULA	JACKSON COUNTY (NEW)	855,795.00
	MT	RONAN	RONAN	0.85
	NC	BEAUFORT	BEAUFORT-MOREHEAD CITY	88,639.00
		NORTH WILKESBORO	WILKES COUNTY (NEW)	159,120.00
		SOUTHERN PINES	MOORE COUNTY	53,338.00
	NE	CAMBRIDGE	CAMBRIDGE MUNICIPAL	77,748.00
	NJ	MILLVILLE	MILLVILLE MUNICIPAL	900,000.00
		TOMS RIVER	ROBERT J. MILLER AIRPARK	130,781.00
	NM		VARIOUS LOCATIONS	0.61
		TAOS	TAOS MUNICIPAL	1,200,000.00
	NY	GLENS FALLS	WARREN COUNTY	80,043.00
		NEWBURGH	STEWART INTERNATIONAL	500,000.00
		SENECA FALLS	SENECA FALLS	519,251.00
	OK	ARDMORE	ARDMORE MUNICIPAL	53,460.00
		CHICKASHA	CHICKASHA MUNICIPAL	82,500.00
		DUNCAN	HALLIBURTON FIELD	450,000.00
		EUFAULA	EUFAULA MUNICIPAL	45,000.00
		MUSKOGEE	DAVIS FIELD	110,700.00
		SEMINOLE	SEMINOLE MUNICIPAL	29,428.71
		SHAWNEE	SHAWNEE MUNICIPAL	495,000.00
	OR	LA GRANDE	LA GRANDE MUNICIPAL	36,000.00
		LEXINGTON	LEXINGTON	0.00
		MC MINNVILLE	MC MINNVILLE MUNICIPAL	92,250.00
		NEWPORT	NEWPORT MUNICIPAL	1,012,000.00
	PA	BEDFORD	BEDFORD COUNTY (NEW)	14,580.00
		BLOOMSBURG	BLOOMSBURG MUNICIPAL	35,700.00
		INDIANA	INDIANA COUNTY/JIMMY STEWART	855,000.00
		PHILIPSBURG	MID-STATE	4,500.00
		QUAKERTOWN	QUAKERTOWN	58,260.00
		SELINSGROVE	PENN VALLEY	20,634.00
	SC	CONWAY	CONWAY-HORRY COUNTY	56,179.00

FY	ST	CITY	LOCATION	AMOUNT
88	SC	KINGSTREE	WILLIAMSBURG COUNTY	247,682.00
		SPARTANBURG	SPARTANBURG DOWNTOWN MEMORIAL	526,000.00
		SUMMERVILLE	DORCHESTER COUNTY	29,704.00
		WINNSBORO	FAIRFIELD COUNTY	1,517,293.00
	SD	FAULKTON	FAULKTON MUNICIPAL	6,967.69
	TX	ARLINGTON	ARLINGTON MUNICIPAL	22,520.00
		CANADIAN	HEMPHILL COUNTY	32,391.00
		EDNA/GANADO	JACKSON COUNTY	3,466.06
		FREDERICKSBURG	GILLESPIE COUNTY	38,583.00
		HOUSTON	HOUSTON GULF	31,500.00
		ROCKPORT	ARANSAS COUNTY	41,873.56
		TERRELL	TERRELL MUNICIPAL	1,000,000.00
		WAXAHACHIE	MIDLOTHIAN-WAXAHACHIE (NEW)	52,050.45
	UT	DELTA	DELTA MUNICIPAL	0.53
	VA	BLACKSBURG	VIRGINIA POLYTECHNICAL INSTITUTE	70,000.00
		DANVILLE	DANVILLE REGIONAL	700,000.00
		FRONT ROYAL	FRONT ROYAL-WARREN COUNTY	0.19
		RICHLANDS	TAZEWELL COUNTY	1,900,000.00
		WISE	LONESOME PINE	390,000.00
	WA	ANACORTES	ANACORTES	0.88
		FORKS	FORKS MUNICIPAL	0.00
		LYNDEN	NEW	50,000.00
		OLYMPIA	OLYMPIA	85,500.00
	WI	OSCEOLA	L.O. SIMENSTAD MUNICIPAL	99,000.00
	WV	PETERSBURG	GRANT COUNTY	320,000.00
		RAVENSWOOD	JACKSON COUNTY	9,562.65
		WHEELING	WHEELING - OHIO COUNTY	115,859.76
		WILLIAMSON	MINGO COUNTY	89,655.00
	WY	LANDER	HUNT FIELD	0.57
		TORRINGTON	TORRINGTON MUNICIPAL	0.00
			FY TOTAL	31,342,661.27
87	AK	ANCHORAGE	MERRILL FIELD	2,100,081.54
		HAINES	HAINES	374,630.00
	AL	AUBURN	AUBURN-OPELIKA/ROBERT G PITTS	37,800.00
		FAYETTE	RICHARD ARTHUR FIELD	27,000.00
		FORT PAYNE	ISBELL FIELD	283,889.00
		HEADLAND	HEADLAND MUNICIPAL	20,906.00
		PRATTVILLE	AUTAUGA COUNTY	19,800.00
		SYLACAUGA	MERKEL FIELD SYLACAUGA MUNICIPAL	15,199.00
		TROY	TROY MUNICIPAL	14,740.00
	AR	BERRYVILLE	CARROLL COUNTY	26,820.00
		MAGNOLIA	MAGNOLIA MUNICIPAL	9,201.29
		RUSSELLVILLE	RUSSELLVILLE MUNICIPAL	40,577.84
	AS	TAU	TAU	43,471.30
	AZ	BUCKEYE	BUCKEYE MUNICIPAL	131,271.38

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FY	ST	CITY	LOCATION	AMOUNT
87	AZ	COTTONWOOD	COTTONWOOD MUNICIPAL	17,497.84
		ELOY	ELOY MUNICIPAL	31,870.00
		KAYENTA	KAYENTA	167,415.00
		ST. JOHNS	ST JOHNS INDUSTRIAL AIR PARK	0.00
		WICKENBURG	WICKENBURG MUNICIPAL	14,585.00
	CA	AUBURN	AUBURN MUNICIPAL	61,290.00
		BRAWLEY	BRAWLEY MUNICIPAL	44,000.00
		HAWTHORNE	HAWTHORNE MUNICIPAL	144,788.00
		LITTLE RIVER	MENDOCINO COUNTY	42,291.00
		ORLAND	HAIGH FIELD	38,184.00
		PETALUMA	PETALUMA MUNICIPAL	123,993.00
		PLACERVILLE	PLACERVILLE	459.60
		PORTERVILLE	PORTERVILLE MUNICIPAL	40,500.00
		REDLANDS	REDLANDS MUNICIPAL	209,847.00
		SALINAS	SALINAS MUNICIPAL	133,200.00
		SHAFTER	SHAFTER-MINTER FIELD	74,925.00
		TEHACHAPI	TEHACHAPI MUNICIPAL	0.00
		TRUCKEE	TRUCKEE-TAHOE	45,000.00
		VAN NUYS	VAN NUYS	275,000.00
	CO	GREELEY	GREELEY-WELD COUNTY	17,849.00
		MONTE VISTA	MONTE VISTA MUNICIPAL	5,200.00
		PAGOSA SPRINGS	STEVENS FIELD	112,463.00
	FL	LAKE WALES	LAKE WALES MUNICIPAL	50,000.00
		LEESBURG	LEESBURG MUNICIPAL	50,000.00
		PALATKA	KAY LARKIN	2,032.00
		SEBRING	SEBRING AIRPORT AND INDUSTRIAL PARK	274,445.71
		ZEPHYRHILLS	ZEPHYRHILLS MUNICIPAL	50,000.00
	GA	AUGUSTA	DANIEL FIELD	31,844.00
		CANTON	CHEROKEE COUNTY	34,650.00
		LAGRANGE	CALLAWAY	5,346.00
		ROME	RICHARD B RUSSELL	58,952.00
	IA	AMES	AMES MUNICIPAL	373,198.11
		KEOKUK	KEOKUK MUNICIPAL	5,030.90
		MUSCATINE	MUSCATINE MUNICIPAL	32,310.00
		NEWTON	NEWTON MUNICIPAL	312,314.96
		OSCEOLA	NEW	141,404.09
	ID	CASCADE	CASCADE	25,138.59
		SALMON	SALMON	17,178.00
		SANDPOINT	SANDPOINT	200,000.00
	IL	BENTON	BENTON MUNICIPAL	0.41
		DIXON	DIXON MUNICIPAL CHARLES R WALGREEN FIELD	20,856.54
		PEORIA	MOUNT HAWLEY AUXILIARY	54,000.00
	IN	ANGOLA	TRI-STATE STEUBEN COUNTY	6,800.59
		MICHIGAN CITY	MICHIGAN CITY MUNICIPAL	414,090.23
		WINCHESTER	RANDOLPH COUNTY	23,144.97
	KS	BELLEVILLE	BELLEVILLE MUNICIPAL	357,308.81
		COFFEYVILLE	COFFEYVILLE MUNICIPAL	31,860.00
		LYONS	LYONS-RICE COUNTY MUNICIPAL	175,733.31
		OSAGE CITY	OSAGE CITY MUNICIPAL	34,650.00

FY	ST	CITY	LOCATION	AMOUNT
87	KS	ULYSSES	ULYSSES	36,000.00
	KY	DANVILLE	GOODALL FIELD	6,233.00
		FALMOUTH	GENE SNYDER	59,529.00
		HENDERSON	HENDERSON CITY-COUNTY	21,342.00
		LONDON	LONDON-CORBIN AIRPORT-MAGEE FIELD	1,933.00
		MADISONVILLE	MADISONVILLE MUNICIPAL	0.42
	LA	DE QUINCY	DE QUINCY INDUSTRIAL AIRPARK	38,942.87
		DE RIDDER	BEAUREGARD PARISH	50,000.00
		GALLIANO	SOUTH LAFOURCHE	2,153.69
		HOUMA	HOUMA-TERREBONNE	16,471.79
		NATCHITOCHES	NATCHITOCHES REGIONAL	0.00
		TALLULAH	VICKSBURG-TALLULAH REGIONAL (NEW)	1,762,332.90
	MA	MONTAGUE	TURNERS FALLS	22,915.76
		PLYMOUTH	PLYMOUTH MUNICIPAL	43,505.00
	MD	COLLEGE PARK	COLLEGE PARK	208,179.00
		CRISFIELD	CRISFIELD MUNICIPAL	11,250.00
		WESTMINSTER	WESTMINSTER	29,653.84
	ME	DEXTER	DEXTER REGIONAL	6,169.00
		HOULTON	HOULTON INTERNATIONAL	14,040.00
		JACKMAN	NEWTON FIELD	7,283.82
		MACHIAS	MACHIAS VALLEY	50,787.30
	MI	HOLLAND	TULIP CITY	540,000.00
		HOWELL	LIVINGSTON COUNTY	106,645.00
	MN	PRINCETON	PRINCETON MUNICIPAL	10,000.00
	MO	BUTLER	BUTLER MEMORIAL	105,886.88
		HILLSBORO	JEFFERSON COUNTY (NEW)	58,500.00
		LEBANON	FLOYD W JONES LEBANON	154,433.78
		MARYVILLE	MARYVILLE MEMORIAL	247,887.86
		MEXICO	NEW	55,767.42
		SALEM	SALEM MEMORIAL	16,560.00
		SIKESTON	SIKESTON MEMORIAL MUNICIPAL	141,096.25
		TROY	NEW	73,260.00
	MT	CONRAD	CONRAD	12,706.51
		FORT BENTON	FORT BENTON	0.00
		TWIN BRIDGES	TWIN BRIDGES	13,140.97
	NC	BEAUFORT	BEAUFORT-MOREHEAD CITY	63,094.00
		NORTH WILKESBORO	WILKES COUNTY (NEW)	214,823.00
		ROCKINGHAM	ROCKINGHAM-HAMLET	919,000.00
		ROCKY MOUNT	ROCKY MOUNT-WILSON	110,412.00
		SHELBY	SHELBY MUNICIPAL	32,337.00
	ND	CASSELTON	CASSELTON REGIONAL	37,707.00
	NE	ALLIANCE	ALLIANCE MUNICIPAL	191,999.01
		BASSETT	BASSETT MUNICIPAL	100,095.35
		MINDEN	PIONEER VILLAGE FIELD	58,308.00
		NEBRASKA CITY	NEW	47,700.00
	NM	LAS VEGAS	LAS VEGAS MUNICIPAL	109,506.81
		PORTALES	PORTALES MUNICIPAL	339,891.29
	NV	HENDERSON	HENDERSON SKY HARBOR	132,703.00
		MINDEN	DOUGLAS COUNTY	482,124.00

FY	ST	CITY	LOCATION	AMOUNT
87	NV	PANACA	LINCOLN COUNTY	21,307.03
		TONOPAH	TONOPAH	15,680.00
	NY	CANADAIGUA	ONTARIO COUNTY (NEW)	36,000.00
		HUDSON	COLUMBIA COUNTY	0.46
		WELLSVILLE	WELLSVILLE MUNICIPAL	49,003.59
	OH	BOWLING GREEN	WOOD COUNTY	31,142.00
		FREMONT	FREMONT - PROGRESS FIELD	33,300.00
		NEWARK	NEWARK-HEATH	461,250.00
		URBANA	GRIMES FIELD	38,700.00
	OK	ARDMORE	ARDMORE DOWNTOWN EXECUTIVE	460,258.34
		CUSHING	CUSHING MUNICIPAL	19,411.00
		DUNCAN	HALLIBURTON FIELD	350,000.00
		GUYMON	GUYMON MUNICIPAL	794.64
		KINGFISHER	KINGFISHER COUNTY (NEW)	45,000.00
		TULSA	DOWNTOWN AIRPARK	35,820.00
	OR	CORVALLIS	CORVALLIS MUNICIPAL	280,049.24
		COTTAGE GROVE	COTTAGE GROVE STATE	37,111.68
		CRESWELL	HOBBY FIELD	30,000.00
		PORTLAND	PORTLAND PUBLIC HELIPORT	83,602.85
		WASCO	NEW	44,901.42
	PA	EBENSBURG	EBENSBURG	12,512.00
		GROVE CITY	GROVE CITY	40,000.00
		POTTSVILLE	SCHUYLKILL COUNTY/JOE ZERBEY	85,500.00
		REEDSVILLE	MIFFLIN COUNTY	63,000.00
		SOMERSET	SOMERSET COUNTY	30,589.10
		WILKES-BARRE	WILKES-BARRE WYOMING VALLEY	52,200.00
	RI	NEWPORT	NEWPORT STATE	62,299.00
	SC	CHERAW	CHERAW MUNICIPAL	342,941.00
		MONCKS CORNER	BERKELEY COUNTY	6,886.00
		ORANGEBURG	ORANGEBURG MUNICIPAL	110,982.00
		PELION	CORPORATE	343,491.23
		SUMTER	SUMTER MUNICIPAL	372,990.00
		WINNSBORO	FAIRFIELD COUNTY	32,845.00
	SD	GREGORY	GREGORY MUNICIPAL	17,193.00
	TN	CROSSVILLE	CROSSVILLE MEMORIAL	29,581.00
	TX	ALPINE	ALPINE-CASPARIS MUNICIPAL	135,710.53
		ATHENS	ATHENS MUNICIPAL	67,500.00
		BAY CITY	BAY CITY MUNICIPAL	60,500.00
		BORGER	HUTCHINSON COUNTY	90,000.00
		BRENHAM	BRENHAM MUNICIPAL	169,581.81
		BRIDGEPORT	BRIDGEPORT MUNICIPAL	0.00
		BURNET	BURNET MUNICIPAL/KATE CRADDOCK FIELD	620,714.73
		CLEVELAND	CLEVELAND MUNICIPAL	27,082.68
		DEL RIO	DEL RIO INTERNATIONAL	137,735.00
		EDNA/GANADO	JACKSON COUNTY	144,542.47
		GEORGETOWN	GEORGETOWN MUNICIPAL	399,500.00
		GRANBURY	GRANBURY MUNICIPAL	29,753.00
		LOCKHART	LOCKHART MUNICIPAL	49,500.00
		MULESHOE	NEW	134,343.00

FY	ST	CITY	LOCATION	AMOUNT
87	TX	PALESTINE	PALESTINE MUNICIPAL	233,133.43
		SNYDER	WINSTON FIELD	581,835.11
		UVALDE	GARNER FIELD	1,243.47
		WINNIE	WINNIE/STOWELL	572,313.78
	UT	MOAB	CANYONLANDS FIELD	0.00
	VA	DANVILLE	DANVILLE REGIONAL	210,188.58
		PETERSBURG	PETERSBURG MUNICIPAL	342,041.00
		QUINTON	NEW KENT COUNTY	72,000.00
		ROCKY MOUNT	NEW	63,811.00
		SUFFOLK	SUFFOLK MUNICIPAL	40,950.00
		WISE	LONESOME PINE	58,466.30
	WA	COLVILLE	COLVILLE (NEW)	75,000.00
		LANGLEY	WHIDBEY AIR PARK	46,000.00
	WI	MEDFORD	TAYLOR COUNTY	34,200.00
	WV	MARTINSBURG	EASTERN WV REGIONAL/SHEPHARD FIELD	9,679.64
		PINEVILLE	KEE FIELD	1,918.27
	WY	DIXON	DIXON	60,000.00
		KEMMERER	KEMMERER MUNICIPAL	27,000.00
		SARATOGA	SHIVELY FIELD	30,150.00
		WHEATLAND	PHIFER AIRFIELD	99.00
			FY TOTAL	22,489,175.94
86	AK	ANAKTUVUK PASS	ANAKTUVUK PASS	486,589.00
		ANCHORAGE	MERRILL FIELD	79,100.41
		ATQASUK	ATQASUK	38,701.52
		CIRCLE CITY	CIRCLE CITY	152,217.57
		GOLOVIN	GOLOVIN	0.00
		HOMER	HOMER	224,582.66
		NENANA	NENANA MUNICIPAL	10,352.54
		PORT HEIDEN	PORT HEIDEN	23,342.77
	AL	ALBERTVILLE	ALBERTVILLE MUNICIPAL	23,241.00
		ALEXANDER CITY	THOMAS C RUSSELL FIELD	183,277.00
		CULLMAN	FOLSOM FIELD	318,885.00
		DECATUR	PRYOR FIELD	16,150.00
		ENTERPRISE	ENTERPRISE MUNICIPAL	22,850.00
		EUFAULA	WEEDON FIELD	14,850.00
		GULF SHORES	JACK EDWARDS	63,172.00
		SYLACAUGA	MERKEL FIELD SYLACAUGA MUNICIPAL	196,343.00
	AR	BATESVILLE	BATESVILLE REGIONAL	35,627.29
		MOUNTAIN HOME	BAXTER COUNTY REGIONAL	1,346,553.20
		SEARCY	SEARCY MUNICIPAL	50,440.21
	AS	TAU	TAU	60,000.00
	AZ	NOGALES	NOGALES INTERNATIONAL	6,377.28
		TEMPE	NEW	36,424.00
		WICKENBURG	WICKENBURG MUNICIPAL	9,123.54
	CA	AVALON	AVALON (NEW)	72,500.00

FY	ST	CITY	LOCATION	AMOUNT
86	CA	BAKERSFIELD	BAKERSFIELD MUNICIPAL	67,365.00
		BISHOP	BISHOP	269,801.00
		CLOVERDALE	CLOVERDALE MUNICIPAL	35,730.00
		COLUMBIA	COLUMBIA	32,240.00
		DORRIS	BUTTE VALLEY	5,670.00
		FORT JONES	SCOTT VALLEY	5,490.00
		GEORGETOWN	GEORGETOWN	1,643.70
		HAPPY CAMP	HAPPY CAMP	5,490.00
		MONTAGUE	SISKIYOU COUNTY	39,330.00
		PETALUMA	PETALUMA MUNICIPAL	20,196.69
		RANCHO	FRENCH VALLEY	851,785.24
		TEHACHAPI	TEHACHAPI MUNICIPAL	54,000.00
		TRUCKEE	TRUCKEE-TAHOE	4,178.27
		WEED	WEED	34,020.00
	CO	BOULDER	BOULDER MUNICIPAL	3,048.50
		CANON CITY	FREMONT COUNTY	28,260.00
		DELTA	BLAKE FIELD	17,301.24
		WRAY	WRAY MUNICIPAL	1,653.00
	CT	BURLINGTON	JOHNNYCAKE	24,999.30
		DANBURY	DANBURY MUNICIPAL	60,446.72
	FL	BUNNELL	FLAGLER COUNTY	37,000.00
		FORT PIERCE	ST LUCIE COUNTY INTERNATIONAL	57,265.00
		IMMOKALEE	IMMOKALEE	47,925.00
		NEW SMYRNA BEACH	NEW SMYRNA BEACH MUNICIPAL	45,325.00
		OKEECHOBEE	OKEECHOBEE COUNTY	40,000.00
		ORMOND BEACH	ORMOND BEACH MUNICIPAL	22,000.00
		SEBASTIAN	SEBASTIAN MUNICIPAL	38,000.00
	GA	ADEL	COOK COUNTY	45,225.00
		BRUNSWICK	MALCOLM MCKINNON	665,802.00
		LAGRANGE	CALLAWAY	121,046.00
		TOCCOA	TOCCOA RG LETOURNEAU FIELD	20,405.00
	GU	AGANA	GUAM - NEW	112,500.00
	IA	AMES	AMES MUNICIPAL	58,044.62
		CRESTON	CRESTON MUNICIPAL	278,001.75
		GRINNELL	GRINNELL MUNICIPAL	435,330.00
	ID	BLACKFOOT	MCCARLEY FIELD	0.00
		CASCADE	CASCADE	19,359.16
		EMMETT	GEM COUNTY INDUSTRIAL AIRPARK (NEW)	7,458.00
		REXBURG	REXBURG-MADISON COUNTY	36,000.00
		SANDPOINT	SANDPOINT	36,000.00
	IL	CENTRALIA	CENTRALIA MUNICIPAL	182,422.00
		GRAYSLAKE	CAMPBELL	76,500.00
		HARRISBURG	HARRISBURG-RALEIGH	28,800.00
		LACON	MARSHALL COUNTY	34,930.43
		MT. CARMEL	MT. CARMEL MUNICIPAL	13,847.58
	IN	COLUMBUS	COLUMBUS MUNICIPAL	36,000.00
		LA PORTE	LA PORTE MUNICIPAL	29,374.18
		WINCHESTER	RANDOLPH COUNTY	18,136.41
	KS	ATCHISON	AMELIA EARHART	27,000.00

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FY	ST	CITY	LOCATION	AMOUNT
86	KS	CLAY CENTER	CLAY CENTER MUNICIPAL	2,565.00
		LYONS	LYONS-RICE COUNTY MUNICIPAL	131,932.74
		MEADE	MEADE MUNICIPAL	18,000.00
		OAKLEY	OAKLEY MUNICIPAL	134,205.63
		PRATT	PRATT MUNICIPAL	4,712.72
		TOPEKA	PHILIP BILLARD MUNICIPAL	459,683.86
	KY	BARDSTOWN	SAMUELS FIELD	4,463.00
		CAMPBELLSVILLE	TAYLOR COUNTY	5,090.00
		MAYFIELD	MAYFIELD-GRAVES COUNTY	39,684.00
		MURRAY	KYLE-OAKLEY FIELD	5,975.00
	LA	BASTROP	MOREHOUSE MEMORIAL	36,000.00
		MARKSVILLE	MARKSVILLE MUNICIPAL	9,900.00
		OAKDALE	ALLEN PARISH	393,386.00
		SULPHUR	SOUTHLAND FIELD	278,696.00
	MA	SOUTHBRIDGE	SOUTHBRIDGE MUNICIPAL	39,215.00
		WESTFIELD	BARNES MUNICIPAL	73,276.45
	MD	CAMBRIDGE	CAMBRIDGE DORCHESTER	700.10
	ME	BETHEL	COL DYKE FIELD	1,631.25
		JACKMAN	NEWTON FIELD	391,208.48
		SANFORD	SANFORD MUNICIPAL	35,190.00
	MI	HOLLAND	TULIP CITY	1,807,430.00
		LAPEER	DUPONT-LAPEER	66,600.00
	MN	BAUDETTE	BAUDETTE INTERNATIONAL	473,400.00
		BENSON	BENSON MUNICIPAL	359,369.00
		EVELETH	EVELETH-VIRGINIA MUNICIPAL	179,182.00
		FERGUS FALLS	FERGUS FALLS MUNI-EINAR MICKELSON	137,882.00
	MO	CANTON	LEWIS COUNTY (NEW)	45,000.00
		MALDEN	MALDEN MUNICIPAL	26,347.85
		MARSHALL	MARSHALL MEMORIAL MUNICIPAL	27,000.00
		MEXICO	NEW	413,103.00
		MOBERLY	OMAR N BRADLEY	11,024.87
		SEDALIA	SEDALIA MEMORIAL	227,614.46
	MS	CORINTH	ROSCOE TURNER	5,401.00
		MADISON	BRUCE CAMPBELL FIELD	28,811.00
		NEW ALBANY	NEW ALBANY-UNION COUNTY	60,879.00
		PASCAGOULA	JACKSON COUNTY (NEW)	974,474.00
		YAZOO CITY	NEW	792,033.00
	MT	BAKER	BAKER MUNICIPAL	22,950.00
		COLSTRIP	COLSTIP (NEW)	15,480.00
		FORT BENTON	FORT BENTON	14,256.64
		RONAN	RONAN	133,595.62
		TWIN BRIDGES	TWIN BRIDGES	26,550.00
	NC	ALBEMARLE	STANLEY COUNTY	20,287.24
		MANTEO	DARE COUNTY REGIONAL	265,739.00
		MONROE	MONROE	128,597.00
		ROANOKE RAPIDS	HALIFAX COUNTY	394,338.00
		SALISBURY	ROWAN COUNTY	47,997.00
		SHELBY	SHELBY MUNICIPAL	33,660.00
		SMITHFIELD	JOHNSTON COUNTY	66,648.00

FY	ST	CITY	LOCATION	AMOUNT
86	NC	SYLVA	JACKSON COUNTY	92,970.00
	ND	VALLEY CITY	BARNES COUNTY MUNICIPAL	9,735.00
	NE	BROKEN BOW	BROKEN BOW MUNICIPAL	76,524.53
		CAMBRIDGE	CAMBRIDGE MUNICIPAL	293,060.39
		CRETE	CRETE MUNICIPAL	205,228.13
		GRAND ISLAND	MID-NEBRASKA REGIONAL (NEW)	108,000.00
		HASTINGS	HASTINGS MUNICIPAL	25,200.00
		KIMBALL	KIMBALL MUNICIPAL	19,770.52
		MINDEN	PIONEER VILLAGE FIELD	61,106.54
		TEKAMAH	TEKAMAH MUNICIPAL	13,793.70
	NJ	WOODBINE	WOODBINE MUNICIPAL	43,075.11
	NM	AZTEX	AZTEC MUNICIPAL (NEW)	58,500.00
		CROWNPOINT	CROWNPOINT	25,714.53
		PORTALES	PORTALES MUNICIPAL	163,567.68
		TAOS	TAOS MUNICIPAL	50,078.70
		TUCUMCARI	TUCUMCARI MUNICIPAL	131,979.16
	NV	CARSON CITY	CARSON	79,687.00
		MESQUITE	MESQUITE	84,375.00
	NY	CORTLAND	CORTLAND COUNTY-CHASE FIELD	5,850.00
		DANSVILLE	DANSVILLE MUNICIPAL	295.87
		JOHNSTOWN	FULCO	378,106.36
		NEWBURGH	STEWART INTERNATIONAL	450,000.00
		NORWICH	LT WARREN EATON	1,777,471.00
		WELLSVILLE	WELLSVILLE MUNICIPAL	7,294.16
	OH	BOWLING GREEN	WOOD COUNTY	54,958.45
		KENT	KENT STATE UNIVERSITY	200,000.00
		STEUBENVILLE	JEFFERSON COUNTY	48,600.00
		VAN WERT	VAN WERT COUNTY	53,370.00
		WOOSTER	WAYNE COUNTY	49,500.00
	OK	BRISTOW	JONES MEMORIAL	31,050.00
		DUNCAN	HALLIBURTON FIELD	47,963.00
		HINTON	HINTON (NEW)	38,576.00
		MIAMI	MIAMI MUNICIPAL	65,901.90
		OKLAHOMA CITY	HELIPORT (NEW)	80,640.00
		STILLWATER	STILLWATER MUNICIPAL	139,220.36
	OR	ALBANY	ALBANY MUNICIPAL	65,158.00
		ASTORIA	PORT OF ASTORIA	11,091.31
		AURORA	AURORA STATE	73,092.00
		CONDON	CONDON STATE	37,356.57
		GRANTS PASS	JOSEPHINE COUNTY/GRANTS PASS	343,829.61
		HOOD RIVER	HOOD RIVER	0.00
		MADRAS	CITY-COUNTY	32,175.00
		NEWPORT	NEWPORT MUNICIPAL	248,789.87
		ROSEBURG	ROSEBURG MUNICIPAL	240,064.20
		SALEM	MCNARY FIELD	54,000.00
		WASCO	NEW	62,643.00
	PA	INDIANA	INDIANA COUNTY/JIMMY STEWART	4,004.75
		MEADVILLE	PORT MEADVILLE	450,000.00
	SC	AIKEN	AIKEN MUNICIPAL	0.00

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FY	ST	CITY	LOCATION	AMOUNT
86	SC	HARTSVILLE	HARTSVILLE MUNICIPAL	6,235.00
		NORTH MYRTLE BEACH	GRAND STRAND	81,380.00
		SUMMERVILLE	DORCHESTER COUNTY	4,241.00
	SD	EAGLE BUTTE	EAGLE BUTTE	18,639.88
		EDGEMONT	EDGEMONT MUNICIPAL	9,806.72
		WALL	WALL MUNICIPAL	0.34
	TN	BOLIVAR	BOLIVAR-HARDEMAN COUNTY	20,116.00
	TX	ALICE	ALICE INTERNATIONAL	43,278.33
		ARLINGTON	ARLINGTON MUNICIPAL	47,426.00
		ATHENS	ATHENS MUNICIPAL	353,999.50
		BEAUMONT	BEAUMONT MUNICIPAL	35,262.00
		GEORGE WEST	LIVE OAK COUNTY (NEW)	355,235.00
		GRANBURY	GRANBURY MUNICIPAL	65,167.21
		LEVELLAND	LEVELLAND MUNICIPAL	110,642.44
		LIBERTY	LIBERTY MUNICIPAL	422,191.23
		LUFKIN	ANGELINA COUNTY	571,245.62
		MINERAL WELLS	MINERAL WELLS	208,462.65
		MOUNT VERNON	FRANKLIN COUNTY	837,207.63
		NACOGDOCHES	A L MANGHAM JR REGIONAL	833,755.43
		SAN MARCOS	SAN MARCOS MUNICIPAL	986,060.57
		SINTON	SAN PATRICIO COUNTY	30,591.00
		WAXAHACHIE	MIDLOTHIAN-WAXAHACHIE (NEW)	23,762.00
	UT	HEBER CITY	HEBER VALLEY	98,110.00
		PROVO	PROVO MUNICIPAL	52,333.00
		SPANISH FORK	SPANISH FORK-SPRINGVILLE	137,331.58
	VA	ABINGDON	VIRGINIA HIGHLANDS	385,584.93
		BLACKSBURG	VIRGINIA POLYTECHNICAL INSTITUTE	333,287.85
		CULPEPER	CULPEPER COUNTY	33,848.92
		LOUISA	LOUISA COUNTY	716,070.00
		MARTINSVILLE	BLUE RIDGE	142,329.00
		MELFA	ACCOMACK COUNTY	43,891.96
		MT. JACKSON	SHENANDOAH COUNTY (NEW)	56,000.00
		RICHLANDS	TAZEWELL COUNTY	476,986.00
		SOUTH HILL	MECKLENBURG-BRUNSWICK REGIONAL	35,980.54
		SUFFOLK	SUFFOLK MUNICIPAL	0.15
	WA	ANACORTES	ANACORTES	29,506.82
		CONNELL	NEW	50,000.00
		FORKS	FORKS MUNICIPAL	40,000.00
		LANGLEY	WHIDBEY AIR PARK	50,000.00
		TACOMA	TACOMA NARROWS	66,624.07
		WINTHROP	METHOW VALLEY STATE	73,318.00
	WV	MARLINTON	NEW	29,076.00
		MOUNDSVILLE	MARSHALL COUNTY	14,524.78
		WILLIAMSON	MINGO COUNTY	218,437.02
	WY	BUFFALO	BUFFALO MUNICIPAL	26,750.00
		DOUGLAS	CONVERSE COUNTY	564,000.00
		DUBOIS	DUBOIS MUNICIPAL	336,125.85
		KEMMERER	KEMMERER MUNICIPAL	51,322.00
		SARATOGA	SHIVELY FIELD	229,999.94

FY	ST	CITY	LOCATION	AMOUNT
84	WY	SUNDANCE	(NEW)	40,000.50
			FY TOTAL	32,463,722.55
85	AK	ANAKTUVUK PASS	ANAKTUVUK PASS	6,454.98
		ANCHORAGE	MERRILL FIELD	48,941.25
	AL	ALEXANDER CITY	THOMAS C RUSSELL FIELD	30,535.00
		CULLMAN	FOLSOM FIELD	29,804.32
		GULF SHORES	JACK EDWARDS	141,547.00
		MOBILE	BROOKLEY	22,500.00
		WETUMPKA	WETUMPKA MUNICIPAL	20,439.00
	AR	BENTON	SALINE COUNTY	197,318.31
		BLYTHEVILLE	BLYTHEVILLE MUNICIPAL	53,518.81
		CORNING	CORNING MUNICIPAL	84,566.11
		MENA	INTERMOUNTAIN REGIONAL	19,685.00
		MOUNT IDA	BEARCE	62,600.00
		SPRINGDALE	SPRINGDALE MUNICIPAL	218,333.00
		STUTTGART	STUTTGART MUNICIPAL	34[illegible],731.91
	AZ	CHINLE	CHINLE	34,372.00
		COTTONWOOD	COTTONWOOD MUNICIPAL	18,212.00
		KAYENTA	KAYENTA	34,372.00
		KINGMAN	MOHAVE COUNTY	610,488.18
		PARKER	PARKER MUNICIPAL	29,517.00
		ST. JOHNS	ST JOHNS INDUSTRIAL AIR PARK	36,674.00
		TUBA CITY	NEW	34,372.00
		TUCSON	AVRA VALLEY	43,650.80
		WILLIAMS	WILLIAMS MUNICIPAL	136,832.00
		WINSLOW	WINSLOW MUNICIPAL	233,705.66
	CA	BAKERSFIELD	BAKERSFIELD MUNICIPAL	96,948.00
		BLYTHE	BLYTHE	69,300.00
		CAMERON PARK	CAMERON AIRPARK	59,850.00
		CORNING	CORNING MUNICIPAL	27,000.00
		HAWTHORNE	HAWTHORNE MUNICIPAL	660,708.40
		LOWER LAKE	PEARCE FIELD	88,560.00
		MERCED	MERCED MUNICIPAL/MACREADY FIELD	200,542.01
		MOJAVE	MOJAVE	17,676.22
		OCEANO	OCEANO	29,970.00
		PASO ROBLES	PASO ROBLES MUNICIPAL	32,040.00
		RANCHO	FRENCH VALLEY	1,148,438.05
	CO	EAGLE	EAGLE COUNTY	1,389,401.74
		GREELEY	GREELEY-WELD COUNTY	0.00
		PAGOSA SPRINGS	STEVENS FIELD	223,548.00
		SALIDA	HARRIET ALEXANDER FIELD	162,543.21
	CT	DANBURY	DANBURY MUNICIPAL	134,604.91
	FL	AVON PARK	AVON PARK MUNICIPAL	70,063.00
		BARTOW	BARTOW MUNICIPAL	47,338.58
		BROOKSVILLE	HERNANDO COUNTY	36,775.00

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FY	ST	CITY	LOCATION	AMOUNT
85	FL	COCOA	MERRITT ISLAND	360,070.00
		FERNANDINA BEACH	FERNANDINA BEACH MUNICIPAL	134,071.67
		FORT PIERCE	ST LUCIE COUNTY INTERNATIONAL	250,820.00
		KEYSTONE HEIGHTS	KEYSTONE AIRPARK	19,798.00
		KISSIMMEE	KISSIMMEE MUNICIPAL	30,820.00
		LAKE CITY	LAKE CITY MUNICIPAL	663,802.00
		LEESBURG	LEESBURG MUNICIPAL	32,601.00
		ORMOND BEACH	ORMOND BEACH MUNICIPAL	219,499.00
		ST AUGUSTINE	ST AUGUSTINE	83,915.86
		VENICE	VENICE MUNICIPAL	121,395.00
		WILLISTON	WILLISTON MUNICIPAL	212,112.12
	GA	AMERICUS	SOUTHER FIELD	44,497.88
		BRUNSWICK	MALCOLM MCKINNON	37,600.00
		COVINGTON	COVINGTON MUNICIPAL	359,711.00
		DALTON	DALTON MUNICIPAL	773,070.00
		GRIFFIN	GRIFFIN-SPALDING COUNTY	240,968.00
		PEACHTREE CITY	FALCON FIELD	38,832.00
		STATESBORO	STATESBORO MUNICIPAL	75,427.00
		THOMASTON	REGINALD GRANT MEMORIAL	111,811.00
		THOMASVILLE	THOMASVILLE MUNICIPAL	267,486.00
		WINDER	WINDER	55,736.00
	IA	AMES	AMES MUNICIPAL	96,247.00
		CHARLES CITY	CHARLES CITY MUNICIPAL	295,661.61
		FOREST CITY	FOREST CITY MUNICIPAL	118,976.35
		MOUNT PLEASANT	MOUNT PLEASANT MUNICIPAL	168,931.41
		OTTUMWA	OTTUMWA INDUSTRIAL	22,307.53
		SHELDON	SHELDON MUNICIPAL	603,221.48
	ID	COUNCIL	COUNCIL MUNICIPAL	23,237.00
		MCCALL	MCCALL	409,801.19
	IL	GALESBURG	GALESBURG MUNICIPAL	238,716.36
		KANKAKEE	GREATER KANKAKEE	3,548,614.00
		KEWANEE	KEWANEE MUNICIPAL	58,313.50
		SPARTA	SPARTA COMMUNITY-HUNTER FIELD	37,369.15
	IN	ANDERSON	ANDERSON MUNICIPAL	81,251.68
		AUBURN	AUBURN DEKALB	85,959.88
		COLUMBUS	COLUMBUS MUNICIPAL	22,800.00
		GOSHEN	GOSHEN MUNICIPAL	52,726.94
		INDIANAPOLIS	GREENWOOD MUNICIPAL	54,000.00
		NORTH VERNON	NORTH VERNON	54,434.66
		SULLIVAN	SULLIVAN COUNTY	2,166.35
	KS	CHANUTE	CHANUTE MARTIN JOHNSON	1,118,276.42
		GARDEN CITY	GARDEN CITY MUNICIPAL	102,600.00
		HILL CITY	HILL CITY MUNICIPAL	350,184.26
		KANSAS CITY	NEW	44,010.00
		NEWTON	NEWTON-CITY-COUNTY	1,479,508.51
		OAKLEY	OAKLEY MUNICIPAL	13,500.00
	KY	ASHLAND	ASHLAND-BOYD COUNTY	4,116.00
		DANVILLE	GOODALL FIELD	8,275.00
		FLEMINGSBURG	FLEMING-MASON	245,200.00

FY	ST	CITY	LOCATION	AMOUNT
85	KY	GEORGETOWN	NEW	18,716.72
	LA		VARIOUS LOCATIONS	67,978.78
		ABBEVILLE	ABBEVILLE MUNICIPAL	44,640.00
		OAKDALE	ALLEN PARISH	529,720.07
		WEST MONROE	WEST MONROE (NEW)	22,734.00
	MA	WESTFIELD	BARNES MUNICIPAL	121,203.00
	MD	EASTON	EASTON MUNICIPAL	18,831.00
	ME	FRENCHVILLE	NORTHERN AROOSTOOK REGIONAL	83,754.00
		JACKMAN	NEWTON FIELD	764.67
		SANFORD	SANFORD MUNICIPAL	350,000.00
		WATERVILLE	WATERVILLE-ROBERT LAFLEUR	906,000.00
	MI	GRAND HAVEN	GRAND HAVEN MEMORIAL AIRPARK	153,290.11
		HASTINGS	HASTINGS MUNICIPAL	81,074.91
		OWOSSO	OWOSSO COMMUNITY	499,977.00
	MN	ST CLOUD	ST CLOUD MUNICIPAL	152,210.35
	MO	CLINTON	CLINTON MEMORIAL	328,084.88
		FULTON	ELTON HENSLEY MEMORIAL	205,203.00
		KIRKSVILLE	KIRKSVILLE MUNICIPAL	6,196.47
		MEXICO	NEW	593,248.08
	MS	CORINTH	ROSCOE TURNER	20,484.00
		NATCHEZ	HARDY-ANDERS FIELD/NATCHEZ-ADAMS COUNTY	141,142.00
		PASCAGOULA	JACKSON COUNTY (NEW)	968,046.00
		YAZOO CITY	NEW	274,021.00
	MT	LIBBY	LIBBY	673,437.82
		SCOBEY	SCOBEY	0.00
		STANFORD	STANFORD	67,471.07
	NC	BEAUFORT	BEAUFORT-MOREHEAD CITY	126,287.73
		EDENTON	EDENTON MUNICIPAL	33,954.00
		FRANKLIN	MACON COUNTY	25,866.00
		LINCOLNTON	LINCOLN COUNTY	624,842.22
		MANTEO	DARE COUNTY REGIONAL	52,260.00
		MONROE	MONROE	21,317.95
		REIDSVILLE	ROCKINGHAM COUNTY NC SHILOH	85,707.00
		RUTHERFORDTON	RUTHERFORD COUNTY	0.00
	ND	HETTINGER	HETTINGER MUNICIPAL	8,057.74
	NE	AURORA	AURORA MUNICIPAL	10,679.04
		BROKEN BOW	BROKEN BOW MUNICIPAL	147,280.41
		BURWELL	CRAM FIELD	109,351.65
		COLUMBUS	COLUMBUS MUNICIPAL	118,792.48
		KIMBALL	KIMBALL MUNICIPAL	112,431.93
		WAHOO	WAHOO MUNICIPAL	158,782.85
	NH	BERLIN	BERLIN MUNICIPAL	1,040,089.40
		ROCHESTER	SKYHAVEN	991,914.00
	NJ	OCEAN CITY	OCEAN CITY MUNICIPAL	112,392.00
	NM	JAL	LEA COUNTY-JAL	9,585.31
	NV	BEATTY	BEATTY	14,767.00
		BOULDER CITY	NEW	834,717.18
		GABBS	GABBS	17,250.00
		LATHROP WELLS	AMARGOSA VALLEY (NEW)	7,688.00

FY	ST	CITY	LOCATION	AMOUNT
85	NV	PARUMPH	PARUMPH (NEW)	53,437.00
		TONOPAH	TONOPAH	35,905.00
		YERINGTON	YERINGTON MUNICIPAL	175,783.60
	NY	CORAM	CORAM	48,195.25
		DANSVILLE	DANSVILLE MUNICIPAL	8,874.25
		MONTICELLO	SULLIVAN COUNTY INTERNATIONAL	1,906.62
		NEWBURGH	STEWART INTERNATIONAL	321,750.00
		SENECA FALLS	SENECA FALLS	58,292.00
	OH	BOWLING GREEN	WOOD COUNTY	1,764.19
		GALION	GALION MUNICIPAL	166,002.41
		LANCASTER	FAIRFIELD COUNTY	91,275.00
		MARION	MARION MUNICIPAL	67,644.24
		MIDDLEFIELD	GEAUGA COUNTY	45,000.00
		NEWARK	NEWARK-HEATH	400,000.00
		NORWALK	HURON COUNTY	42,750.00
		RAVENNA	PORTAGE COUNTY	54,000.00
	OK	ADA	ADA MUNICIPAL	243,423.24
		ARDMORE	ARDMORE MUNICIPAL	85,500.00
		MC ALESTER	MC ALESTER REGIONAL	49,320.00
		PURCELL	PURCELL MUNICIPAL (NEW)	42,570.00
		STILWELL	STILWELL MUNICIPAL (NEW)	213,060.82
	OR	ENTERPRISE	NEW ENTERPRISE	30,000.00
		MC MINNVILLE	MC MINNVILLE MUNICIPAL	93,025.00
		NEWPORT	NEWPORT MUNICIPAL	528,977.20
		PORTLAND	PORTLAND PUBLIC HELIPORT	48,233.13
	PA	CLARION	CLARION COUNTY	29,584.00
		JOHNSTOWN	JOHNSTOWN-CAMBRIA COUNTY	325,000.00
		MEADVILLE	PORT MEADVILLE	317,000.00
		REEDSVILLE	MIFFLIN COUNTY	213,368.37
		SOMERSET	SOMERSET COUNTY	0.00
	PR	HUMACAO	HUMACAO	61,604.00
	SC	BENNETTSVILLE	MARLBORO COUNTY	72,051.04
		CONWAY	CONWAY-HORRY COUNTY	28,550.00
		GREENVILLE	GREENVILLE DOWNTOWN	131,845.00
			DONALDSON CENTER	77,506.00
		HARTSVILLE	HARTSVILLE MUNICIPAL	143,861.21
		NORTH MYRTLE BEACH	GRAND STRAND	683,068.00
		SUMMERVILLE	DORCHESTER COUNTY	120,967.00
	SD	BELLE FOURCHE	NEW	150,995.08
	TN	CLARKSVILLE	OUTLAW FIELD	10,790.43
		GREENEVILLE	GREENEVILLE MUNICIPAL	8,695.00
	TX	BAY CITY	BAY CITY MUNICIPAL	29,817.00
		BRENHAM	BRENHAM MUNICIPAL	49,500.00
		CLEVELAND	CLEVELAND MUNICIPAL	12,130.71
		EDNA/GANADO	JACKSON COUNTY	96,000.00
		ENNIS	ENNIS MUNICIPAL	20,658.14
		GARLAND	GARLAND HELIPORT (NEW)	44,100.00
		KERRVILLE	KERRVILLE MUNICIPAL/LOUIS SCHREINER FLD	83,743.55
		LEVELLAND	LEVELLAND MUNICIPAL	2,733.00

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FY	ST	CITY	LOCATION	AMOUNT
85	TX	LUFKIN	ANGELINA COUNTY	146,587.66
		NACOGDOCHES	A L MANGHAM JR REGIONAL	75,600.00
		PORT LAVACA	CALHOUN COUNTY	0.00
		SAN MARCOS	SAN MARCOS MUNICIPAL	19,899.00
		WAXAHACHIE	MIDLOTHIAN-WAXAHACHIE (NEW)	23,239.00
		WESLACO	MID VALLEY	12,248.33
		WHARTON	WHARTON MUNICIPAL	62,238.33
	UT	GLEN CANYON NATL REC AREA	HALLS CROSSING	36,375.00
		MOAB	CANYONLANDS FIELD	7,737.00
		OGDEN	OGDEN MUNICIPAL	61,130.77
		PROVO	PROVO MUNICIPAL	391,861.70
		ROOSEVELT	ROOSEVELT MUNICIPAL	31,400.00
	VA	ABINGDON	VIRGINIA HIGHLANDS	344,555.79
		CULPEPER	CULPEPER COUNTY	38,319.65
		DUBLIN	NEW RIVER VALLEY	98,988.00
		GALAX	TWIN COUNTY	205,455.29
		ORANGE	ORANGE COUNTY	25,000.00
		PETERSBURG	PETERSBURG MUNICIPAL	221,176.80
		RICHLANDS	TAZEWELL COUNTY	153,000.00
		SOUTH BOSTON	WILLIAM M. TUCK	84,391.64
		WISE	LONESOME PINE	58,950.00
	VT	MORRISVILLE	MORRISVILLE-STOWE STATE	147,592.00
	WA	BREMERTON	KITSAP COUNTY	111,000.00
		CAMAS	PORT OF CAMAS-WASHOUGAL	88,554.13
		COLVILLE	COLVILLE (NEW)	70,000.00
		KELSO	KELSO-LONGVIEW	75,903.00
		VANCOUVER	PEARSON AIRPARK	88,290.00
	WV	BUCKHANNON	NEW	997,707.27
	WY	BIG PINEY	BIG PINEY-MARBLETON	142,729.85
		KEMMERER	KEMMERER MUNICIPAL	3,535.72
			FY TOTAL	40,903,922.49
			GRAND TOTAL	146,092,422.11

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FY	ST	CITY	LOCATION	AMOUNT
89	AK	COLD BAY	COLD BAY	88,071.00
		ILIAMNA	ILIAMNA	1,292,584.00
	AL	ANNISTON	ANNISTON METROPOLITAN	565,000.00
	AZ	LAKE HAVASU CITY	LAKE HAVASU CITY	3,000,000.00
		PRESCOTT	ERNEST A LOVE FIELD	856,753.00
		WINSLOW	WINSLOW MUNICIPAL	103,809.00
	CA	BLYTHE	BLYTHE	590,400.00
	CO	CORTEZ	CORTEZ-MONTEZUMA COUNTY	540,000.00
		FAIRPLAY	FAIRPLAY REGIONAL	50,000.00
		LAMAR	LAMAR MUNICIPAL	595,674.00
	FL	VERO BEACH	VERO BEACH MUNICIPAL	2,683,000.00
	IA	FORT DODGE	FORT DODGE REGIONAL	276,390.64
		MASON CITY	MASON CITY MUNICIPAL	593,555.00
	ID	COEUR D'ALENE	COEUR D'ALENE AIR TERMINAL	753,210.00
	IL	CARBONDALE	SOUTHERN ILLINOIS	642,600.00
		DANVILLE	VERMILION COUNTY	419,000.00
		MOUNT VERNON	MT VERNON-OUTLAND	1,354,320.00
	IN	BLOOMINGTON	MONROE COUNTY	1,059,360.00
		MUNCIE	DELAWARE COUNTY	603,950.00
	KS	DODGE CITY	DODGE CITY REGIONAL	358,646.00
		GARDEN CITY	GARDEN CITY MUNICIPAL	2,851,553.00
		HAYS	HAYS MUNICIPAL	196,498.00
		LIBERAL	LIBERAL MUNICIPAL	1,102,260.00
	MI	ALPENA	ALPENA COUNTY REGIONAL	29,700.00
		BATTLE CREEK	W K KELLOGG REGIONAL	1,544,055.00
		BENTON HARBOR	ROSS FIELD-TWIN CITIES	153,000.00
		IRON MOUNTAIN/KINGSFORD	FORD	203,820.00
		SAULT STE. MARIE	CHIPPEWA COUNTY INTERNATIONAL	413,190.00
	MN		VARIOUS LOCATIONS	122,631.00
		GRAND RAPIDS	GRAND RAPIDS-ITASCA COUNTY	336,820.00
	MT	MILES CITY	FRANK WILEY FIELD	192,200.00
		SIDNEY	SIDNEY-RICHLAND MUNICIPAL	370,000.00
	ND	DEVILS LAKE	DEVILS LAKE MUNICIPAL	586,836.00
		JAMESTOWN	JAMESTOWN MUNICIPAL	51,760.00
		WILLISTON	SLOULIN FIELD INTERNATIONAL	257,048.00
	NH	KEENE	DILLANT-HOPKINS	2,856,137.00
	NJ	WILDWOOD	CAPE MAY COUNTY	562,647.00
	NM	CLOVIS	CLOVIS MUNICIPAL	400,000.00
		GALLUP	GALLUP MUNICIPAL	352,000.00
		LAS CRUCES	LAS CRUCES INTERNATIONAL	760,000.00
		RUIDOSO	SIERRA BLANCA REGIONAL	140,000.00
	NY	MASSENA	RICHARDS FIELD	2,163,600.00
		SARANAC LAKE	ADIRONDACK	74,041.00
		WATERTOWN	WATERTOWN INTERNATIONAL	824,400.00
	OH	MANSFIELD	MANSFIELD LAHM MUNICIPAL	37,780.00
	OR	BAKER	BAKER MUNICIPAL	896,433.00
		PENDLETON	PENDLETON MUNICIPAL	536,577.00
	PA	FRANKLIN	CHESS-LAMBERTON	1,103,130.00
	SD	BROOKINGS	BROOKINGS MUNICIPAL	391,500.00

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FY	ST	CITY	LOCATION	AMOUNT
89	SD	HURON	HURON REGIONAL	579,000.00
		YANKTON	CHAN GURNEY MUNICIPAL	174,757.66
	TN	JACKSON	MC KELLAR FIELD	252,000.00
	TX	TEMPLE	DRAUGHON-MILLER MUNICIPAL	200,000.00
	UT	CEDAR CITY	CEDAR CITY MUNICIPAL	247,000.00
		VERNAL	VERNAL	360,000.00
	VA	DANVILLE	DANVILLE REGIONAL	315,000.00
	WA	MOSES LAKE	GRANT COUNTY	956,975.36
	WI	STURGEON BAY	DOOR COUNTY-CHERRYLAND	225,000.00
			FY TOTAL	39,245,671.66
88	AS	TAU	TAU	228,370.50
	AZ	BULLHEAD CITY	BULLHEAD CITY/LAUGHLIN	2,800,000.00
		LAKE HAVASU CITY	LAKE HAVASU CITY	3,540,269.00
		PAGE	PAGE MUNICIPAL	154,802.00
		PRESCOTT	ERNEST A LOVE FIELD	650,000.00
		SEDONA	SEDONA	210,804.00
	CA	MAMMOTH LAKES	MAMMOTH LAKES	223,625.00
		SAN FRANCISCO	SAN FRANCISCO HELIPORT (NEW)	315,000.00
	CO	ALAMOSA	SAN LUIS VALLEY REGIONAL/BERGMAN FIELD	486,657.75
		CORTEZ	CORTEZ-MONTEZUMA COUNTY	420,000.00
		LAMAR	LAMAR MUNICIPAL	463,500.00
	FL	VERO BEACH	VERO BEACH MUNICIPAL	1,303,372.00
	ID	COEUR D'ALENE	COEUR D'ALENE AIR TERMINAL	286,961.11
	IL	GALESBURG	GALESBURG MUNICIPAL	475,706.00
		MATTOON-CHARLESTON	COLES COUNTY MEMORIAL	415,962.00
		ROCKFORD	GREATER ROCKFORD	2,201,240.35
	IN	MUNCIE	DELAWARE COUNTY	775,718.00
	KS	DODGE CITY	DODGE CITY REGIONAL	944,959.48
		HAYS	HAYS MUNICIPAL	1,084,089.00
		SALINA	SALINA MUNICIPAL	1,530,737.70
	MD	OCEAN CITY	OCEAN CITY MUNICIPAL	70,000.00
	ME	WATERVILLE	WATERVILLE-ROBERT LAFLEUR	3,015,000.00
	MI	BENTON HARBOR	ROSS FIELD-TWIN CITIES	141,907.85
		ESCANABA	DELTA COUNTY	623,525.00
		IRON MOUNTAIN/KINGSFORD	FORD	575,075.00
		IRONWOOD	GOGEBIC COUNTY	135,000.00
	MN	FAIRMONT	FAIRMONT MUNICIPAL	480,000.00
	MO	KAISER/LAKE OZARK	LEE C FINE MEMORIAL	180,000.00
	MS	LAUREL-HATTIESBURG	PINE BELT REGIONAL	645,456.00
	NC	ROCKY MOUNT	ROCKY MOUNT-WILSON	573,525.00
	ND	JAMESTOWN	JAMESTOWN MUNICIPAL	427,340.84
		WILLISTON	SLOULIN FIELD INTERNATIONAL	472,221.00
	NJ	WILDWOOD	CAPE MAY COUNTY	877,809.00
	NM	ALAMOGORDO	ALAMOGORDO-WHITE SANDS REGIONAL	488,000.00
		CLOVIS	CLOVIS MUNICIPAL	577,000.00

FY	ST	CITY	LOCATION	AMOUNT
88	NM	HOBBS	LEA COUNTY (HOBBS)	364,991.56
		LAS CRUCES	LAS CRUCES INTERNATIONAL	1,050,000.00
		RUIDOSO	SIERRA BLANCA REGIONAL	500,000.00
	NY	MASSENA	RICHARDS FIELD	580,700.00
		OGDENSBURG	OGDENSBURG INTERNATIONAL	1,108,880.00
		PLATTSBURGH	CLINTON COUNTY	268,363.00
		WATERTOWN	WATERTOWN INTERNATIONAL	48,836.70
	OH	MANSFIELD	MANSFIELD LAHM MUNICIPAL	250,000.00
	OK	ALTUS	ALTUS MUNICIPAL	48,942.00
	OR	NORTH BEND	NORTH BEND MUNICIPAL	374,000.00
	PA	BRADFORD	BRADFORD REGIONAL	1,300,000.00
		FRANKLIN	CHESS-LAMBERTON	771,268.00
	SD	BROOKINGS	BROOKINGS MUNICIPAL	747,000.00
		HURON	HURON REGIONAL	486,000.00
		MITCHELL	MITCHELL MUNICIPAL	271,800.00
		WATERTOWN	WATERTOWN MUNICIPAL	144,000.00
		YANKTON	CHAN GURNEY MUNICIPAL	252,000.00
	TN	JACKSON	MC KELLAR FIELD	225,000.00
	UT	CEDAR CITY	CEDAR CITY MUNICIPAL	47,870.46
		VERNAL	VERNAL	75,000.00
	VA	HOT SPRINGS	INGALLS FIELD	81,000.00
	VT	RUTLAND	RUTLAND STATE	170,368.00
	WA	EASTSOUND	ORCAS ISLAND	130,396.00
	WI	MANITOWOC	MANITOWOC COUNTY	535,464.17
	WV	BLUEFIELD	MERCER COUNTY	54,000.00
	WY	CODY	YELLOWSTONE REGIONAL	390,000.00
		LARAMIE	GENERAL BREES FIELD	380,530.24
		WORLAND	WORLAND MUNICIPAL	46,000.00
			FY TOTAL	38,496,043.71
87	AK	COLD BAY	COLD BAY	872,959.00
		GUSTAVUS	GUSTAVUS	178,451.00
		KOTZEBUE	RALPH WIEN MEMORIAL	2,549,857.00
		PETERSBURG	PETERSBURG	170,004.20
		UNALASKA	UNALASKA	2,245,533.00
	AL	ANNISTON	ANNISTON METROPOLITAN	155,856.00
	AR	TEXARKANA	TEXARKANA REGIONAL-WEBB FIELD	562,945.67
	AZ	BULLHEAD CITY	BULLHEAD CITY/LAUGHLIN	93,750.00
		FLAGSTAFF	PULLIAM	300,000.00
		KINGMAN	MOHAVE COUNTY	138,411.00
		PAGE	PAGE MUNICIPAL	27,318.00
		PRESCOTT	ERNEST A LOVE FIELD	388,781.00
		SEDONA	SEDONA	284,107.00
		WINSLOW	WINSLOW MUNICIPAL	298,372.93
	CA	CHICO	CHICO MUNICIPAL	111,687.00
		CONCORD	BUCHANAN FIELD	3,334,275.00

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FY	ST	CITY	LOCATION	AMOUNT
87	CA	IMPERIAL	IMPERIAL COUNTY	377,604.00
		INYOKERN	INYOKERN	39,780.00
		MAMMOTH LAKES	MAMMOTH LAKES	252,500.00
		MERCED	MERCED MUNICIPAL/MACREADY FIELD	264,424.89
		MODESTO	MODESTO CITY-COUNTY ARPT-HARRY SHAM FLD	331,303.00
		OXNARD	OXNARD	500,000.00
		SANTA ROSA	SONOMA COUNTY	400,000.00
		VISALIA	VISALIA MUNICIPAL	82,622.00
	CO	ALAMOSA	SAN LUIS VALLEY REGIONAL/BERGMAN FIELD	204,870.69
		CORTEZ	CORTEZ-MONTEZUMA COUNTY	135,900.00
		GUNNISON	GUNNISON COUNTY	1,310,000.00
		LAMAR	LAMAR MUNICIPAL	241,130.12
		MONTROSE	MONTROSE COUNTY	614,000.00
		PUEBLO	PUEBLO MEMORIAL	425,412.22
	DE	WILMINGTON	NEW CASTLE COUNTY	180,000.00
	FL	NAPLES	NAPLES MUNICIPAL	378,757.63
		OCALA	OCALA MUNICIPAL/JIM TAYLOR FIELD	667,541.00
		VERO BEACH	VERO BEACH MUNICIPAL	993,312.85
	GA	ATHENS	ATHENS-BEN EPPS	97,758.00
		VALDOSTA	VALDOSTA REGIONAL	127,130.00
	IA	DUBUQUE	DUBUQUE REGIONAL	409,949.55
		FORT DODGE	FORT DODGE REGIONAL	91,800.00
		MASON CITY	MASON CITY MUNICIPAL	243,734.00
	ID	COEUR D'ALENE	COEUR D'ALENE AIR TERMINAL	396,000.00
		HAILEY	FRIEDMAN MEMORIAL	276,883.18
		TWIN FALLS	TWIN FALLS-SUN VALLEY REGIONAL	198,001.72
	IL	CARBONDALE	SOUTHERN ILLINOIS	31,500.00
		DANVILLE	VERMILION COUNTY	194,925.00
		MARION	WILLIAMSON COUNTY REGIONAL	908,537.41
		ROCKFORD	GREATER ROCKFORD	1,238,696.54
	IN	BLOOMINGTON	MONROE COUNTY	2,909,447.51
		ELKHART	ELKHART MUNICIPAL	1,730,000.00
		TERRE HAUTE	HULMAN REGIONAL	2,235,561.37
	KS	DODGE CITY	DODGE CITY REGIONAL	778,131.93
		SALINA	SALINA MUNICIPAL	1,421,430.47
	KY	OWENSBORO	OWENSBORO-DAVIESS COUNTY	175,723.00
	MA	WORCESTER	WORCESTER MUNICIPAL	1,773,522.17
	MD	HAGERSTOWN	HAGERSTOWN REGIONAL	1,064,700.00
	ME	AUGUSTA	AUGUSTA STATE	61,245.00
		BAR HARBOR	HANCOCK COUNTY-BAR HARBOR	255,519.00
		PRESQUE ISLE	NORTHERN MAINE REGIONAL	99,000.00
		ROCKLAND	KNOX COUNTY REGIONAL	54,450.00
		WATERVILLE	WATERVILLE-ROBERT LAFLEUR	696,000.00
	MI	BENTON HARBOR	ROSS FIELD-TWIN CITIES	118,000.00
		ESCANABA	DELTA COUNTY	186,219.00
		SAULT STE. MARIE	CHIPPEWA COUNTY INTERNATIONAL	122,833.33
	MN	BEMIDJI	BEMIDJI-BELTRAMI COUNTY	234,753.81
	MO	CAPE GIRARDEAU	CAPE GIRARDEAU MUNICIPAL	456,611.00
	MS	GREENVILLE	GREENVILLE MUNICIPAL	205,000.00

FY	ST	CITY	LOCATION	AMOUNT
87	MS	LAUREL-HATTIESBURG	PINE BELT REGIONAL	295,001.00
		TUPELO	TUPELO MUNICIPAL - C D LEMONS FIELD	30,510.00
	MT	WEST YELLOWSTONE	YELLOWSTONE	53,660.00
	NC	GREENVILLE	PITT-GREENVILLE	365,018.00
		NEW BERN	CRAVEN COUNTY REGIONAL	316,003.00
		SOUTHERN PINES	MOORE COUNTY	296,886.42
		WINSTON-SALEM	SMITH REYNOLDS	207,425.00
	ND	JAMESTOWN	JAMESTOWN MUNICIPAL	193,768.16
	NE	GRAND ISLAND	CENTRAL NEBRASKA REGIONAL	761.00
		KEARNEY	KEARNEY MUNICIPAL	322,909.85
		NORTH PLATTE	LEE BIRD FIELD	169,966.43
		SCOTTSBLUFF	WILLIAM B HEILIG FIELD	207,541.03
	NH	KEENE	DILLANT-HOPKINS	151,794.00
		LEBANON	LEBANON MUNICIPAL	251,500.00
	NJ	TRENTON	MERCER COUNTY	437,598.00
		WILDWOOD	CAPE MAY COUNTY	523,378.00
	NM	CLOVIS	CLOVIS MUNICIPAL	98,830.80
		RUIDOSO	SIERRA BLANCA REGIONAL	4,700,000.00
	NV	ELKO	ELKO MUNICIPAL - J C HARRIS FIELD	361,200.00
	NY	JAMESTOWN	CHAUTAUQUA COUNTY/JAMESTOWN	250,000.00
		MASSENA	RICHARDS FIELD	14,299.20
		NIAGARA FALLS	NIAGARA FALLS INTERNATIONAL	31,759.00
		OGDENSBURG	OGDENSBURG INTERNATIONAL	163,518.86
		ONEONTA	ONEONTA MUNICIPAL	1,289,053.00
		POUGHKEEPSIE	DUTCHESS COUNTY	194,120.10
		UTICA	ONEIDA COUNTY	383,151.00
		WATERTOWN	WATERTOWN INTERNATIONAL	13,860.00
	OH	PORT CLINTON	CARL R KELLER FIELD	2,000,000.00
	OK	ENID	ENID WOODRING MUNICIPAL	50,000.00
	OR	NORTH BEND	NORTH BEND MUNICIPAL	1,690,000.00
		REDMOND	ROBERTS FIELD	714,393.72
	PA	ALTOONA	ALTOONA-BLAIR COUNTY	935,100.00
		BRADFORD	BRADFORD REGIONAL	102,067.93
		FRANKLIN	CHESS-LAMBERTON	682,421.34
		JOHNSTOWN	JOHNSTOWN-CAMBRIA COUNTY	126,000.00
		WILLIAMSPORT	WILLIAMSPORT-LYCOMING COUNTY	234,899.28
	SC	ANDERSON	ANDERSON COUNTY	359,182.00
		FLORENCE	FLORENCE REGIONAL	120,627.00
		HILTON HEAD ISLAND	HILTON HEAD	312,617.00
	SD	ABERDEEN	ABERDEEN REGIONAL	216,786.31
		HURON	HURON REGIONAL	468,000.00
		MITCHELL	MITCHELL MUNICIPAL	207,125.26
		WATERTOWN	WATERTOWN MUNICIPAL	385,765.03
		YANKTON	CHAN GURNEY MUNICIPAL	271,009.81
	TX	LONGVIEW	GREGG COUNTY	161,000.00
		TEMPLE	DRAUGHON-MILLER MUNICIPAL	199,962.32
		VICTORIA	VICTORIA REGIONAL	773,374.32
	UT	CEDAR CITY	CEDAR CITY MUNICIPAL	168,749.35
	VA	HOT SPRINGS	INGALLS FIELD	712,002.00

FY	ST	CITY	LOCATION	AMOUNT
87	VA	STAUNTON	SHENANDOAH VALLEY REGIONAL	229,125.83
	VT	RUTLAND	RUTLAND STATE	670,810.00
	WA	BELLINGHAM	BELLINGHAM INTERNATIONAL	601,439.83
		FRIDAY HARBOR	FRIDAY HARBOR	235,460.74
		PORT ANGELES	WILLIAM R FAIRCHILD INTERNATIONAL	50,000.00
	WI	EAU CLAIRE	EAU CLAIRE COUNTY	149,770.81
		JANESVILLE	ROCK COUNTY	81,000.00
		OSHKOSH	WITTMAN REGIONAL	2,397,900.00
	WV	BECKLEY	RALEIGH COUNTY MEMORIAL	555,727.67
		CLARKSBURG	BENEDUM	220,377.83
	WY	CHEYENNE	CHEYENNE	513,150.00
		GILLETTE	GILLETTE-CAMPBELL COUNTY	200,000.00
		RIVERTON	RIVERTON REGIONAL	235,000.00
		SHERIDAN	SHERIDAN COUNTY	581,037.33
			FY TOTAL	66,833,923.75
88	AK	BARROW	WILEY POST WILL ROGERS MEMORIAL	2,821,944.00
		DILLINGHAM	DILLINGHAM	3,207,872.00
		NOME	NOME	252,817.00
	AL	MUSCLE SHOALS	MUSCLE SHOALS REGIONAL	80,687.00
	AR	EL DORADO	GOODWIN FIELD	968,500.00
		HARRISON	BOONE COUNTY	196,100.00
		JONESBORO	JONESBORO MUNICIPAL	194,068.44
		TEXARKANA	TEXARKANA REGIONAL-WEBB FIELD	136,281.94
	AZ	PAGE	PAGE MUNICIPAL	420,387.58
		SCOTTSDALE	SCOTTSDALE MUNICIPAL	1,001,318.05
		WINSLOW	WINSLOW MUNICIPAL	85,600.00
	CA	IMPERIAL	IMPERIAL COUNTY	155,430.00
		LANCASTER	GENERAL WILLIAM J FOX AIRFIELD	635,226.00
		MAMMOTH LAKES	MAMMOTH LAKES	380,483.95
		MODESTO	MODESTO CITY-COUNTY ARPT-HARRY SHAM FLD	261,190.00
		SANTA ROSA	SONOMA COUNTY	1,146,886.00
		VISALIA	VISALIA MUNICIPAL	520,042.09
	CO	GUNNISON	GUNNISON COUNTY	1,777,146.17
		PUEBLO	PUEBLO MEMORIAL	1,406,392.28
	FL	PUNTA GORDA	CHARLOTTE COUNTY	1,063,000.00
		VERO BEACH	VERO BEACH MUNICIPAL	1,100,398.00
	GA	BRUNSWICK	GLYNCO JETPORT	86,406.00
		VALDOSTA	VALDOSTA REGIONAL	50,937.00
	HI	KALAUPAPA	KALAUPAPA	199,800.00
	IA	CLINTON	CLINTON MUNICIPAL	43,200.00
		OTTUMWA	OTTUMWA INDUSTRIAL	39,690.00
		SPENCER	SPENCER MUNICIPAL	280,225.76
	ID	COEUR D'ALENE	COEUR D'ALENE AIR TERMINAL	628,869.26
		HAILEY	FRIEDMAN MEMORIAL	314,100.00
		LEWISTON	LEWISTON-NEZ PERCE COUNTY	537,303.01

FY	ST	CITY	LOCATION	AMOUNT
86	ID	POCATELLO	POCATELLO MUNICIPAL	26,301.01
	IL	BLOOMINGTON	BLOOMINGTON-NORMAL	325,215.32
		CARBONDALE	SOUTHERN ILLINOIS	522,900.00
		MATTOON-CHARLESTON	COLES COUNTY MEMORIAL	714,481.74
		MOUNT VERNON	MT VERNON-OUTLAND	133,380.16
		ROCKFORD	GREATER ROCKFORD	822,038.26
		STERLING ROCKFALLS	WHITESIDE COUNTY	518,687.48
	IN	LAFAYETTE	PURDUE UNIVERSITY	169,560.00
		MUNCIE	DELAWARE COUNTY	1,231,965.00
		TERRE HAUTE	HULMAN REGIONAL	605,962.59
	KS	GREAT BEND	GREAT BEND MUNICIPAL	227,118.37
		HAYS	HAYS MUNICIPAL	367,193.91
		HUTCHINSON	HUTCHINSON MUNICIPAL	1,203,700.10
		LIBERAL	LIBERAL MUNICIPAL	212,494.73
		SALINA	SALINA MUNICIPAL	941,727.60
	KY	OWENSBORO	OWENSBORO-DAVIESS COUNTY	104,541.21
		PADUCAH	BARKLEY REGIONAL	2,353.50
	MA	PROVINCETOWN	PROVINCETOWN MUNICIPAL	294,030.00
		WORCESTER	WORCESTER MUNICIPAL	235,930.84
	MD	HAGERSTOWN	HAGERSTOWN REGIONAL	16,000.00
		OCEAN CITY	OCEAN CITY MUNICIPAL	288,550.00
	ME	FRENCHVILLE	NORTHERN AROOSTOOK REGIONAL	95,278.00
		ROCKLAND	KNOX COUNTY REGIONAL	15,840.00
		WATERVILLE	WATERVILLE-ROBERT LAFLEUR	776,790.00
	MI	BATTLE CREEK	W K KELLOGG REGIONAL	199,369.61
		HANCOCK	HOUGHTON COUNTY MEMORIAL	169,376.97
		IRON MOUNTAIN/KINGSFORD	FORD	72,817.33
		SAULT STE. MARIE	CHIPPEWA COUNTY INTERNATIONAL	151,260.20
	MN	BRAINERD	BRAINERD-CROW WING COUNTY	175,000.00
		MANKATO	MANKATO MUNICIPAL	444,214.00
	MS	MERIDIAN	KEY FIELD	259,015.00
		TUPELO	TUPELO MUNICIPAL - C D LEMONS FIELD	385,289.00
	MT	BUTTE	BERT MOONEY	796,592.23
		SIDNEY	SIDNEY-RICHLAND MUNICIPAL	112,256.10
		WEST YELLOWSTONE	YELLOWSTONE	50,000.00
	NC	GREENVILLE	PITT-GREENVILLE	105,320.00
		HICKORY	HICKORY REGIONAL	206,302.00
		SOUTHERN PINES	MOORE COUNTY	51,516.00
	ND	DEVILS LAKE	DEVILS LAKE MUNICIPAL	167,490.00
		WILLISTON	SLOULIN FIELD INTERNATIONAL	418,989.02
	NE	SCOTTSBLUFF	WILLIAM B HEILIG FIELD	115,801.26
	NH	LACONIA	LACONIA MUNICIPAL	661,549.50
		LEBANON	LEBANON MUNICIPAL	199,512.68
	NJ	TRENTON	MERCER COUNTY	133,973.00
	NM	CARLSBAD	CAVERN CITY AIR TERMINAL	581,369.35
		CLOVIS	CLOVIS MUNICIPAL	82,057.92
		HOBBS	LEA COUNTY (HOBBS)	267,980.75
		RUIDOSO	SIERRA BLANCA REGIONAL	3,514,889.00
	NY	JAMESTOWN	CHAUTAUQUA COUNTY/JAMESTOWN	520,043.90

DATE 06/26/1990 AIP DATA -- DISCRETIONARY FUNDS -- COMMERCIAL SERVICE AIRPORTS

FY	ST	CITY	LOCATION	AMOUNT
86	NY	NIAGARA FALLS	NIAGARA FALLS INTERNATIONAL	1,044,930.00
		ONEONTA	ONEONTA MUNICIPAL	189,900.00
		POUGHKEEPSIE	DUTCHESS COUNTY	361,410.45
		SARANAC LAKE	ADIRONDACK	241,127.74
	OH	MANSFIELD	MANSFIELD LAHM MUNICIPAL	322,383.89
	OR	KLAMATH FALLS	KLAMATH FALLS INTERNATIONAL	449,791.98
		NORTH BEND	NORTH BEND MUNICIPAL	72,000.00
	PA	DU BOIS	DU BOIS-JEFFERSON COUNTY	299,700.00
		FRANKLIN	CHESS-LAMBERTON	1,141,356.70
		JOHNSTOWN	JOHNSTOWN-CAMBRIA COUNTY	432,000.00
	SD	ABERDEEN	ABERDEEN REGIONAL	273,360.00
		BROOKINGS	BROOKINGS MUNICIPAL	27,900.00
		MITCHELL	MITCHELL MUNICIPAL	190,800.00
		WATERTOWN	WATERTOWN MUNICIPAL	366,725.37
		YANKTON	CHAN GURNEY MUNICIPAL	155,218.82
	TN	JACKSON	MC KELLAR FIELD	804,321.00
	TX	KILLEEN	KILLEEN MUNICIPAL	1,280,550.06
		TEMPLE	DRAUGHON-MILLER MUNICIPAL	481,812.22
	UT	VERNAL	VERNAL	327,671.57
	VA	NEWPORT NEWS	PATRICK HENRY INTERNATIONAL	187,724.60
		STAUNTON	SHENANDOAH VALLEY REGIONAL	584,592.31
	VT	MONTPELIER	EDWARD F KNAPP STATE	70,000.00
		RUTLAND	RUTLAND STATE	78,818.00
	WA	BELLINGHAM	BELLINGHAM INTERNATIONAL	687,179.22
		EASTSOUND	ORCAS ISLAND	725,712.00
		MOSES LAKE	GRANT COUNTY	117,104.00
		PORT ANGELES	WILLIAM R FAIRCHILD INTERNATIONAL	28,062.00
		WENATCHEE	PANGBORN FIELD	35,177.32
	WI	OSHKOSH	WITTMAN REGIONAL	76,500.00
		RHINELANDER	RHINELANDER-ONEIDA COUNTY	312,339.99
	WV	BLUEFIELD	MERCER COUNTY	316,848.20
		MORGANTOWN	MORGANTOWN MUNICIPAL	22,500.00
	WY	CODY	YELLOWSTONE REGIONAL	93,500.37
		GILLETTE	GILLETTE-CAMPBELL COUNTY	420,000.00
		RIVERTON	RIVERTON REGIONAL	458,343.10
			FY TOTAL	52,363,686.48
85	AK	CORDOVA	CORDOVA	0.00
		FORT YUKON	FORT YUKON	260,151.00
		HAINES	HAINES	386,891.84
		TANANA	RALPH MCALHOUN MEMORIAL	923,559.81
		YAKUTAT	YAKUTAT	114,461.00
	AL	MUSCLE SHOALS	MUSCLE SHOALS REGIONAL	132,527.00
	AR	JONESBORO	JONESBORO MUNICIPAL	264,797.64
		MOUNTAIN HOME	BAXTER COUNTY REGIONAL	465,809.55
		TEXARKANA	TEXARKANA REGIONAL-WEBB FIELD	142,266.28

FY	ST	CITY	LOCATION	AMOUNT
85	AZ	FLAGSTAFF	PULLIAM	341,475.00
		LAKE HAVASU CITY	LAKE HAVASU CITY	189,647.51
		PRESCOTT	ERNEST A LOVE FIELD	80,907.00
	CA	CHICO	CHICO MUNICIPAL	205,723.39
		IMPERIAL	IMPERIAL COUNTY	170,104.71
		MAMMOTH LAKES	MAMMOTH LAKES	954,000.00
		MODESTO	MODESTO CITY-COUNTY ARPT-HARRY SHAM FLD	377,310.00
		OXNARD	OXNARD	908,820.00
		SANTA ROSA	SONOMA COUNTY	1,000,000.00
		VISALIA	VISALIA MUNICIPAL	819,502.11
	CO	CORTEZ	CORTEZ-MONTEZUMA COUNTY	37,324.96
		GUNNISON	GUNNISON COUNTY	578,904.08
		LAMAR	LAMAR MUNICIPAL	245,691.17
		MONTROSE	MONTROSE COUNTY	623,377.29
		PUEBLO	PUEBLO MEMORIAL	1,890,974.42
	FL	OCALA	OCALA MUNICIPAL/JIM TAYLOR FIELD	531,133.00
		VERO BEACH	VERO BEACH MUNICIPAL	604,700.00
	HI	HANA	HANA	428,854.65
	IA	DUBUQUE	DUBUQUE REGIONAL	91,389.79
		MASON CITY	MASON CITY MUNICIPAL	232,218.27
	ID	HAILEY	FRIEDMAN MEMORIAL	286,550.64
		LEWISTON	LEWISTON-NEZ PERCE COUNTY	367,989.00
	IL	DANVILLE	VERMILION COUNTY	838,780.87
		DECATUR	DECATUR	638,048.98
		MATTOON-CHARLESTON	COLES COUNTY MEMORIAL	215,818.56
		QUINCY	QUINCY MUNICIPAL-BALDWIN FIELD	538,017.64
		STERLING ROCKFALLS	WHITESIDE COUNTY	302,909.17
	IN	BLOOMINGTON	MONROE COUNTY	64,146.58
		ELKHART	ELKHART MUNICIPAL	541,800.00
		LAFAYETTE	PURDUE UNIVERSITY	80,132.23
		TERRE HAUTE	HULMAN REGIONAL	749,609.29
	KS	GREAT BEND	GREAT BEND MUNICIPAL	268,963.11
		SALINA	SALINA MUNICIPAL	742,236.12
	KY	OWENSBORO	OWENSBORO-DAVIESS COUNTY	210,941.00
	MA	WORCESTER	WORCESTER MUNICIPAL	378,378.86
	MD	HAGERSTOWN	HAGERSTOWN REGIONAL	280,473.47
	ME	PRESQUE ISLE	NORTHERN MAINE REGIONAL	585,000.00
	MI	ESCANABA	DELTA COUNTY	140,202.93
		IRON MOUNTAIN/KINGSFORD	FORD	367,375.84
		JACKSON	JACKSON COUNTY REYNOLDS FIELD	458,377.65
		SAULT STE. MARIE	CHIPPEWA COUNTY INTERNATIONAL	212,640.85
	MN	BRAINERD	BRAINERD-CROW WING COUNTY	907,843.47
	MO	JEFFERSON CITY	JEFFERSON CITY MEMORIAL	209,740.14
		KAISER/LAKE OZARK	LEE C FINE MEMORIAL	730,831.71
	MS	LAUREL-HATTIESBURG	PINE BELT REGIONAL	67,984.00
		MERIDIAN	KEY FIELD	543,760.00
		OXFORD	UNIVERSITY-OXFORD	235,805.00
	MT	GLASGOW	GLASGOW INTERNATIONAL	351,418.85
		SIDNEY	SIDNEY-RICHLAND MUNICIPAL	124,660.98

FY	ST	CITY	LOCATION	AMOUNT
85	NC	SOUTHERN PINES	MOORE COUNTY	72,823.00
	ND	JAMESTOWN	JAMESTOWN MUNICIPAL	498,105.92
		WILLISTON	SLOULIN FIELD INTERNATIONAL	242,235.00
	NE	NORFOLK	KARL STEFAN MEMORIAL	253,065.13
		NORTH PLATTE	LEE BIRD FIELD	200,487.55
		SCOTTSBLUFF	WILLIAM B HEILIG FIELD	255,111.90
	NH	KEENE	DILLANT-HOPKINS	27,675.00
		LACONIA	LACONIA MUNICIPAL	1,064,118.89
		LEBANON	LEBANON MUNICIPAL	125,516.11
	NJ	TRENTON	MERCER COUNTY	568,258.90
	NM	ALAMOGORDO	ALAMOGORDO-WHITE SANDS REGIONAL	217,776.33
		CARLSBAD	CAVERN CITY AIR TERMINAL	106,447.00
		CLOVIS	CLOVIS MUNICIPAL	216,184.40
		SANTA FE	SANTA FE COUNTY MUNICIPAL	870,000.00
	NY	PLATTSBURGH	CLINTON COUNTY	1,037,324.59
		POUGHKEEPSIE	DUTCHESS COUNTY	279,180.00
		UTICA	ONEIDA COUNTY	199,664.18
	OH	MANSFIELD	MANSFIELD LAHM MUNICIPAL	59,536.69
		PORT CLINTON	CARL R KELLER FIELD	141,057.00
	OK	STILLWATER	STILLWATER MUNICIPAL	881,918.98
	OR	REDMOND	ROBERTS FIELD	385,063.95
	PA	DU BOIS	DU BOIS-JEFFERSON COUNTY	317,657.85
		FRANKLIN	CHESS-LAMBERTON	222,408.13
		LATROBE	WESTMORELAND COUNTY	1,191,778.46
	PR	ISLA DE CULEBRA	CULEBRA	0.00
	RI	BLOCK ISLAND	BLOCK ISLAND STATE	55,000.00
	SC	FLORENCE	FLORENCE REGIONAL	514,333.00
	SD	ABERDEEN	ABERDEEN REGIONAL	975,285.32
		YANKTON	CHAN GURNEY MUNICIPAL	138,002.10
	TN	JACKSON	MC KELLAR FIELD	426,230.00
	TX	ANGLETON/LAKE JACKSON	BRAZORIA COUNTY	564,895.01
		COLLEGE STATION	EASTERWOOD FIELD	772,248.80
		KILLEEN	KILLEEN MUNICIPAL	198,000.00
		LONGVIEW	GREGG COUNTY	227,110.75
		TEMPLE	DRAUGHON-MILLER MUNICIPAL	477,762.53
		VICTORIA	VICTORIA REGIONAL	419,257.24
	UT	CEDAR CITY	CEDAR CITY MUNICIPAL	49,562.00
		ST GEORGE	ST GEORGE MUNICIPAL	272,215.57
		VERNAL	VERNAL	279,482.69
	VA	STAUNTON	SHENANDOAH VALLEY REGIONAL	103,253.82
	WA	BELLINGHAM	BELLINGHAM INTERNATIONAL	629,259.54
		FRIDAY HARBOR	FRIDAY HARBOR	1,988,098.27
		PORT ANGELES	WILLIAM R FAIRCHILD INTERNATIONAL	99,821.60
		PULLMAN	PULLMAN-MOSCOW REGIONAL	157,044.32
		WALLA WALLA	CITY-COUNTY	57,935.73
		WENATCHEE	PANGBORN FIELD	33,477.00
	WI	JANESVILLE	ROCK COUNTY	870,257.64
		RHINELANDER	RHINELANDER-ONEIDA COUNTY	124,435.40
	WV	BLUEFIELD	MERCER COUNTY	386,313.05

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DATE 06/26/1990   AIP DATA   -- DISCRETIONARY FUNDS -- COMMERCIAL SERVICE AIRPORTS      PAGE  11

FY  ST               CITY                                     LOCATION                            AMOUNT
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85  WV  CLARKSBURG                        BENEDUM                                          432,672.15
    WY  CODY                              YELLOWSTONE REGIONAL                              58,467.00
        LARAMIE                           GENERAL BREES FIELD                              185,400.00
        RIVERTON                          RIVERTON REGIONAL                                501,096.36
        WORLAND                           WORLAND MUNICIPAL                                754,975.69

                                                                           FY TOTAL     45,630,245.95



                                                                        GRAND TOTAL    242,569,571.55
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DATE 06/26/1990 AIP DATA -- DISCRETIONARY FUNDS -- RELIEVER AIRPORTS PAGE 1

FY	ST	CITY	LOCATION	AMOUNT
89	AR	NORTH LITTLE ROCK	NORTH LITTLE ROCK MUNICIPAL	2,650,000.00
		WEST MEMPHIS	WEST MEMPHIS MUNICIPAL	350,000.00
	AZ	CHANDLER	CHANDLER MUNICIPAL	666,769.00
		GLENDALE	GLENDALE MUNICIPAL	182,000.00
		PHOENIX	PHOENIX-DEER VALLEY MUNICIPAL	611,283.00
		SCOTTSDALE	SCOTTSDALE MUNICIPAL	412,000.00
	CA	BYRON	NEW	2,000,000.00
		CAMARILLO	CAMARILLO	270,000.00
		CHINO	CHINO	2,000,000.00
		COMPTON	COMPTON	68,940.00
		FRESNO	FRESNO-CHANDLER DOWNTOWN	154,800.00
		FULLERTON	FULLERTON MUNICIPAL	1,500,000.00
		LIVERMORE	LIVERMORE MUNICIPAL	2,268,000.00
		NAPA	NAPA COUNTY	450,000.00
		RIALTO	RIALTO MUNICIPAL (MIRO FIELD)	1,500,000.00
		SAN JOSE	NEW	270,000.00
		SANTA MONICA	SANTA MONICA MUNICIPAL	300,000.00
		VAN NUYS	VAN NUYS	2,148,300.00
	CO	DENVER	FRONT RANGE	2,636,893.00
			JEFFERSON COUNTY	1,640,135.00
			CENTENNIAL	500,000.00
	CT	DANBURY	DANBURY MUNICIPAL	3,615,378.40
	FL	BOCA RATON	BOCA RATON	644,729.00
		FORT LAUDERDALE	FORT LAUDERDALE EXECUTIVE	216,000.00
		JUPITER	NORTH PALM BEACH COUNTY (NEW)	3,680,000.00
		LAKELAND	LAKELAND MUNICIPAL	1,058,866.88
		MIAMI	OPA LOCKA	2,162,000.00
		ORLANDO	ORLANDO EXECUTIVE	449,000.00
		SANFORD	CENTRAL FLORIDA REGIONAL	803,310.00
		ST AUGUSTINE	ST AUGUSTINE	452,000.00
		ST PETERSBURG	ALBERT WHITTED	152,000.00
		TAMPA	VANDENBERG	1,532,981.00
			PETER O'KNIGHT	97,000.00
	GA	ATLANTA	FULTON COUNTY-BROWN FIELD	3,255,639.00
		CARTERSVILLE	CARTERSVILLE	67,662.00
		HAMPTON	HENRY COUNTY-MORRIS FIELD	1,500,000.00
		LAWRENCEVILLE	GWINNETT COUNTY-BRISCOE FIELD	2,000,000.00
		MARIETTA	MC COLLUM	1,208,920.00
		PEACHTREE CITY	FALCON FIELD	2,126,666.00
	IL	ALTON	CIVIC MEMORIAL	2,964,720.00
		CHICAGO/AURORA	AURORA MUNICIPAL	352,000.00
		CHICAGO/WAUKEGAN	WAUKEGAN REGIONAL	374,400.00
		CHICAGO/WEST CHICAGO	DU PAGE COUNTY	10,346,500.00
		CHICAGO/WHEELING	PALWAUKEE	144,000.00
		EAST ST LOUIS	CAHOKIA/ST LOUIS	1,139,400.00
		LANSING	LANSING MUNICIPAL	841,500.00
		ROMEOVILLE	LEWIS UNIVERSITY	598,869.00
	IN	FORT WAYNE	SMITH FIELD	56,394.00
		INDIANAPOLIS	METROPOLITIAN	599,078.00
			GREENWOOD MUNICIPAL	402,600.00
			MOUNT COMFORT	388,800.00

DATE 06/26/1990 AIP DATA -- DISCRETIONARY FUNDS -- RELIEVER AIRPORTS

FY	ST	CITY	LOCATION	AMOUNT
89	IN	INDIANAPOLIS	METROPOLITIAN	1,520,392.00
		JEFFERSONVILLE	CLARK COUNTY	1,062,000.00
	KS	NEWTON	NEWTON-CITY-COUNTY	403,734.00
	LA	NEW ORLEANS	LAKEFRONT	241,935.00
	MD	BALTIMORE	GLENN L MARTIN STATE	1,028,358.00
		CLINTON	WASHINGTON EXECUTIVE (HYDE FIELD)	76,500.00
	MI	DETROIT	WILLOW RUN	50,487.00
		HOWELL	LIVINGSTON COUNTY	755,657.00
		PONTIAC	OAKLAND-PONTIAC	1,641,805.00
		PORT HURON	ST CLAIR COUNTY INTERNATIONAL	1,376,726.00
	MN	SOUTH ST PAUL	SOUTH ST PAUL MUNICIPAL	76,545.00
	MO	CLAYTON	NEW	60,593.00
		KANSAS CITY	RICHARDS - GEBAUR	1,262,487.00
		ST LOUIS	NEW DOWNTOWN HELIPORT (ST LOUIS)	135,000.00
			SPIRIT OF ST LOUIS	2,949,300.00
	MS	OLIVE BRANCH	OLIVE BRANCH	476,300.00
	NC	LINCOLNTON	LINCOLN COUNTY	3,111.00
		LOUISBURG	FRANKLIN COUNTY (NEW)	1,228,400.00
		MONROE	MONROE	617,242.00
		ROXBORO	PERSON COUNTY	883,840.00
	NE	PLATTSMOUTH	PLATTSMOUTH MUNICIPAL	46,800.00
	NJ	CALDWELL	ESSEX COUNTY	0.00
		MORRISTOWN	MORRISTOWN MUNICIPAL	866,884.00
	NV	LAS VEGAS	NORTH LAS VEGAS AIR TERMINAL	3,000,000.00
		RENO	RENO/STEAD	660,000.00
	NY	BATAVIA	GENESEE COUNTY	2,241,000.00
		BROCKPORT	LEDGEDALE AIRPARK	493,244.00
		BUFFALO	BUFFALO AIRPARK	113,400.00
		FULTON	OSWEGO COUNTY	1,530,343.00
		NEWBURGH	STEWART INTERNATIONAL	4,000,000.00
		NIAGARA FALLS	NIAGARA FALLS INTERNATIONAL	2,700,400.00
		SHIRLEY	BROOKHAVEN	199,800.00
	OH	CINCINNATI	CINCINNATI-BLUE ASH	75,000.00
			CINCINNATI MUNICIPAL-LUNKEN FIELD	279,000.00
		CLEVELAND	CUYAHOGA COUNTY	943,647.00
		COLUMBUS	RICKENBACKER	807,615.00
			OHIO STATE UNIVERSITY	135,000.00
			RICKENBACKER	3,000,000.00
		HAMILTON	HAMILTON-FAIRFIELD	40,000.00
		LORAIN/ELYRIA	LORAIN COUNTY REGIONAL	445,000.00
		TOLEDO	TOLEDO METCALFE	199,800.00
		WILLOUGHBY	LOST NATION	2,188,000.00
	OK	NORMAN	UNIV OF OKLAHOMA WESTHEIMER AIRPARK	1,960,650.00
		OKLAHOMA CITY	WILEY POST	600,000.00
		OKMULGEE	OKMULGEE MUNICIPAL	300,000.00
		TULSA	RICHARD LLOYD JONES, JR.	355,488.00
	PA	BEAVER	BEAVER COUNTY	445,000.00
		BUTLER	BUTLER-GRAHAM	372,150.00
		COATESVILLE	CHESTER COUNTY-G O CARLSON	1,500,000.00

FY	ST	CITY	LOCATION	AMOUNT
89	PA	HARRISBURG	CAPITAL CITY	1,416,329.00
		MONONGAHELA	ROSTRAVER	550,000.00
		TOUGHKENAMON	THE NEW GARDEN FLYING FIELD	470,000.00
		WASHINGTON	WASHINGTON COUNTY	750,000.00
	SC	ROCK HILL	BRYANT FIELD	600,000.00
	TN	NASHVILLE	JOHN C TUNE	405,576.00
		SMYRNA	SMYRNA	553,500.00
	TX	DENTON	DENTON MUNICIPAL	300,000.00
		FORT WORTH	FORT WORTH SPINKS	575,000.00
			FORT WORTH ALLIANCE (NEW)	24,000,000.00
		GARLAND	GARLAND HELIPORT (NEW)	475,200.00
		HOUSTON	ELLINGTON FIELD	293,669.00
			CLOVER FIELD	31,500.00
			HOUSTON-HULL	99,900.00
			DAVID WAYNE HOOKS MEMORIAL	63,000.00
		MC KINNEY	MC KINNEY MUNICIPAL	1,868,760.00
		MESQUITE	PHIL L HUDSON MUNICIPAL	1,222,633.60
		MIDLAND	MIDLAND AIRPARK	900,000.00
		SAN ANTONIO	STINSON MUNICIPAL	300,000.00
	UT	OGDEN	OGDEN MUNICIPAL	1,200,000.00
	VA	CHESAPEAKE	CHESAPEAKE MUNICIPAL	500,000.00
		CHESTERFIELD	CHESTERFIELD COUNTY	369,243.00
		LEESBURG	LEESBURG MUNICIPAL/GODFREY FIELD	1,794,573.00
		PORTSMOUTH	HAMPTON ROADS	860,019.00
		WARRENTON	WARRENTON-FAUQUIER	1,904,400.00
	WA	AUBURN	AUBURN MUNICIPAL	533,372.00
		EVERETT	SNOHOMISH COUNTY/PAINE FIELD	1,600,400.00
		RENTON	RENTON MUNICIPAL	638,098.55
		SEATTLE	BOEING FIELD/KING COUNTY INTERNATIONAL	3,517,317.23
	WI	BROOKFIELD	CAPITOL	108,000.00
		KENOSHA	KENOSHA MUNICIPAL	1,121,050.00
		RACINE	HORLICK-RACINE	814,320.00
		WAUKESHA	WAUKESHA COUNTY	2,250,000.00
			FY TOTAL	163,244,026.66
88	AL	ALABASTER	SHELBY COUNTY	102,137.00
	AR	NORTH LITTLE ROCK	NORTH LITTLE ROCK MUNICIPAL	2,552,765.31
		WEST MEMPHIS	WEST MEMPHIS MUNICIPAL	697,500.00
	AZ	CHANDLER	CHANDLER MUNICIPAL	3,000,000.00
		GOODYEAR	PHOENIX-GOODYEAR MUNICIPAL	563,742.00
		TUCSON	RYAN FIELD	573,678.00
	CA	BYRON	NEW	2,673,402.00
		CHINO	CHINO	771,759.00
		COMPTON	COMPTON	250,000.00
		HAYWARD	HAYWARD AIR TERMINAL	575,000.00
		LIVERMORE	LIVERMORE MUNICIPAL	2,500,000.00

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FY	ST	CITY	LOCATION	AMOUNT
88	CA	LOS ANGELES	WHITEMAN	80,100.00
		NAPA	NAPA COUNTY	931,604.00
		PALO ALTO	PALO ALTO AIRPORT OF SANTA CLARA COUNTY	85,230.00
		RIALTO	RIALTO MUNICIFAL (MIRO FIELD)	2,500,000.00
		RIVERSIDE	RIVERSIDE MUNICIPAL	554,000.00
		SAN JOSE	REID-HILLVIEW - SANTA CLARA COUNTY	539,863.00
	CO	DENVER	FRONT RANGE	1,300,000.00
			CENTENNIAL	56,930.00
			JEFFERSON COUNTY	2,684,000.00
	CT	DANBURY	DANBURY MUNICIPAL	1,119,120.97
	FL	JACKSONVILLE	CRAIG MUNICIPAL	174,000.00
		JUPITER	NORTH PALM BEACH COUNTY (NEW)	890,000.00
		LAKELAND	LAKELAND MUNICIPAL	366,177.05
		MIAMI	OPA LOCKA	1,080,000.00
			TAMIAMI	431,000.00
		SANFORD	CENTRAL FLORIDA REGIONAL	99,900.00
		TAMPA	VANDENBERG	1,358,858.00
		TITUSVILLE	SPACE CENTER EXECUTIVE	74,700.00
		WEST PALM BEACH	PALM BEACH COUNTY PARK	59,000.00
	GA	ATLANTA	DE KALB-PEACHTREE	96,268.00
		CARTERSVILLE	CARTERSVILLE	321,264.00
		HAMPTON	HENRY COUNTY-MORRIS FIELD	1,814,541.00
		LAWRENCEVILLE	GWINNETT COUNTY-BRISCOE FIELD	6,695,451.00
		PEACHTREE CITY	FALCON FIELD	1,300,000.00
		STONE MOUNTAIN	STONE MOUNTAIN-BRITT MEMORIAL	60,581.00
	ID	CALDWELL	CALDWELL INDUSTRIAL	585,000.00
	IL	ALTON	CIVIC MEMORIAL	3,811,100.00
		CHICAGO/AURORA	AURORA MUNICIPAL	1,360,600.00
		CHICAGO/WAUKEGAN	WAUKEGAN REGIONAL	1,102,464.00
		CHICAGO/WEST CHICAGO	DU PAGE COUNTY	791,100.00
		CHICAGO/WHEELING	PALWAUKEE	4,000,000.00
		EAST ST LOUIS	CAHOKIA/ST LOUIS	1,138,327.00
		LANSING	LANSING MUNICIPAL	774,000.00
		ROMEOVILLE	LEWIS UNIVERSITY	1,592,000.00
		TROY-ST. JACOB	SHAFER-METRO EAST	500,000.00
	IN	FORT WAYNE	SMITH FIELD	117,624.60
		INDIANAPOLIS	EAGLE CREEK AIRPARK	286,524.00
			INDIANAPOLIS TERRY	945,630.00
			GREENWOOD MUNICIPAL	742,400.00
	KS	OLATHE	JOHNSON COUNTY EXECUTIVE	92,823.78
	MA	BEDFORD	LAURENCE G HANSCOM FIELD	504,269.00
		BEVERLY	BEVERLY MUNICIPAL	154,407.15
		LAWRENCE	LAWRENCE MUNICIPAL	1,871,929.67
	MD	FREDERICK	FREDERICK MUNICIPAL	3,302,315.00
	MI	DETROIT	WILLOW RUN	4,600,000.00
		PONTIAC	OAKLAND-PONTIAC	770,000.00
	MN	ST PAUL	ST PAUL DOWNTOWN HOLMAN FIELD	996,925.00
	MO	CLAYTON	ST LOUIS COUNTY (NEW HELIPORT)	103,500.00
		EXCELSIOR SPRINGS/LIBERTY	NEW	909,762.00

FY	ST	CITY	LOCATION	AMOUNT
88	MO	KANSAS CITY	DOWNTOWN	1,373,296.00
			RICHARDS - GEBAUR	3,217,672.00
		LEE'S SUMMIT	MCCOMAS-LEE'S SUMMIT MUNICIPAL	3,647,250.00
		ST CHARLES	ST CHARLES COUNTY SMARTT	40,500.00
		ST LOUIS	SPIRIT OF ST LOUIS	1,431,490.00
	NC	MONROE	MONROE	1,196,322.00
		ROXBORO	PERSON COUNTY	193,553.00
	NH	NASHUA	BOIRE FIELD	275,964.39
	NJ	CALDWELL	ESSEX COUNTY	1,306,132.00
		LINCOLN PARK	LINCOLN PARK	1,253,051.00
		MORRISTOWN	MORRISTOWN MUNICIPAL	150,300.00
		TETERBORO	TETERBORO	1,700,000.00
	NM	SANTA TERESA	SANTA TERESA	1,223,599.00
	NV	CARSON CITY	CARSON	372,135.37
	NY	BATAVIA	GENESEE COUNTY	247,140.00
		BUFFALO	BUFFALO AIRPARK	447,195.00
		DOWNTOWN MANHATTAN	DOWNTOWN MANHATTAN	360,000.00
		FARMINGDALE	REPUBLIC	1,175,000.00
		NIAGARA FALLS	NIAGARA FALLS INTERNATIONAL	1,300,000.00
		SCHENECTADY	SCHENECTADY COUNTY	487,292.00
		SHIRLEY	BROOKHAVEN	106,851.00
	OH	AKRON	AKRON FULTON INTERNATIONAL	90,000.00
		CINCINNATI	CINCINNATI MUNICIPAL-LUNKEN FIELD	658,400.00
		CLEVELAND	CUYAHOGA COUNTY	500,637.72
		COLUMBUS	OHIO STATE UNIVERSITY	352,000.00
		MEDINA	MEDINA MUNICIPAL	600,000.00
		TOLEDO	TOLEDO METCALFE	400,000.00
		WILLOUGHBY	LOST NATION	1,421,800.00
	OK	OKLAHOMA CITY	WILEY POST	81,000.00
		OKMULGEE	OKMULGEE MUNICIPAL	36,000.00
	OR	MULINO	MULINO	1,149,930.19
		PORTLAND	PORTLAND-TROUTDALE	72,000.00
	PA	BEAVER	BEAVER COUNTY	500,000.00
		BUTLER	BUTLER-GRAHAM	300,000.00
		COATESVILLE	CHESTER COUNTY-G O CARLSON	678,500.00
		HARRISBURG	CAPITAL CITY	845,000.00
		MONONGAHELA	ROSTRAVER	450,000.00
		PHILADELPHIA	NORTHEAST PHILADELPHIA	2,500,000.00
		POTTSTOWN	POTTSTOWN LIMERICK	560,700.00
		TOUGHKENAMON	THE NEW GARDEN FLYING FIELD	520,000.00
		WASHINGTON	WASHINGTON COUNTY	750,000.00
		WEST CHESTER	BRANDYWINE	519,850.00
	SC	COLUMBIA	COLUMBIA OWENS DOWNTOWN	29,699.00
		ROCK HILL	BRYANT FIELD	699,919.00
	TN	NASHVILLE	JOHN C TUNE	402,500.00
	TX	BAYTOWN	NEW	67,500.00
		CONROE	MONTGOMERY COUNTY	257,100.00
		FORT WORTH	FORT WORTH ALLIANCE (NEW)	10,000,000.00
		HOUSTON	WEST SIDE (NEW)	187,000.00

FY	ST	CITY	LOCATION	AMOUNT
88	TX	MC KINNEY	MC KINNEY MUNICIPAL	4,000,000.00
		MESQUITE	PHIL L HUDSON MUNICIPAL	320,014.97
		ODESSA	ODESSA-SCHLEMEYER FIELD	1,601,422.00
	UT	OGDEN	OGDEN MUNICIPAL	918,000.00
		SALT LAKE CITY	SALT LAKE CITY MUNICIPAL NO 2	195,000.00
	VA	CHESAPEAKE	CHESAPEAKE MUNICIPAL	560,000.00
		CHESTERFIELD	CHESTERFIELD COUNTY	27,000.00
		LEESBURG	LEESBURG MUNICIPAL/GODFREY FIELD	1,066,517.00
		MANASSAS	MANASSAS MUNICIPAL/DAVIS FIELD	162,000.00
		PORTSMOUTH	HAMPTON ROADS	318,451.00
	WA	AUBURN	AUBURN MUNICIPAL	380,000.00
		EVERETT	SNOHOMISH COUNTY/PAINE FIELD	1,000,000.00
		RENTON	RENTON MUNICIPAL	366,527.25
		SEATTLE	BOEING FIELD/KING COUNTY INTERNATIONAL	541,398.00
	WI	MILWAUKEE	LAWRENCE J TIMMERMAN	180,000.00
		RACINE	HORLICK-RACINE	1,197,360.00
		WAUKESHA	WAUKESHA COUNTY	500,000.00
			FY TOTAL	129,453,241.42
87	AL	ALABASTER	SHELBY COUNTY	45,900.00
	AR	WEST MEMPHIS	WEST MEMPHIS MUNICIPAL	441,390.93
	AZ	CHANDLER	CHANDLER MUNICIPAL	4,000,000.00
		GOODYEAR	PHOENIX-GOODYEAR MUNICIPAL	783,536.00
		MESA	FALCON FIELD	541,292.00
		PHOENIX	NEW	91,060.00
		TUCSON	RYAN FIELD	149,793.00
	CA	CAMARILLO	CAMARILLO	344,784.03
		FULLERTON	FULLERTON MUNICIPAL	697,644.00
		HALF MOON BAY	HALF MOON BAY	214,896.43
		HAWTHORNE	HAWTHORNE MUNICIPAL	646,242.00
		LINCOLN	LINCOLN MUNICIPAL	837,441.00
		LIVERMORE	LIVERMORE MUNICIPAL	1,500,000.00
		RIALTO	RIALTO MUNICIPAL (MIRO FIELD)	1,095,819.00
		SAN DIEGO	BROWN FIELD MUNICIPAL	148,500.00
		SAN MARTIN	SOUTH COUNTY ARPT OF SANTA CLARA COUNTY	1,215,000.00
	CO	DENVER	FRONT RANGE	500,000.00
			JEFFERSON COUNTY	450,000.00
			CENTENNIAL	3,055,366.89
			JEFFERSON COUNTY	1,000,000.00
			CENTENNIAL	15,300.00
			FRONT RANGE	1,316,243.00
	CT	HARTFORD	HARTFORD BRAINARD	132,900.00
	FL	JUPITER	NORTH PALM BEACH COUNTY (NEW)	106,200.00
		LAKELAND	LAKELAND MUNICIPAL	549,930.00
		MIAMI	OPA LOCKA	331,900.00
		SANFORD	CENTRAL FLORIDA REGIONAL	622,077.79

FY	ST	CITY	LOCATION	AMOUNT
87	FL	ST PETERSBURG	ALBERT WHITTED	285,000.00
		TAMPA	VANDENBERG	725,052.00
	GA	ATLANTA	DE KALB-PEACHTREE	1,359,801.00
		CARTERSVILLE	CARTERSVILLE	1,768,622.00
		COVINGTON	COVINGTON MUNICIPAL	1,873,254.00
		GAINESVILLE	LEE GILMER MEMORIAL	753,584.00
		HAMPTON	HENRY COUNTY-MORRIS FIELD	436,366.00
		LAWRENCEVILLE	GWINNETT COUNTY-BRISCOE FIELD	4,145,556.94
	IA	DAVENPORT	DAVENPORT MUNICIPAL	172,400.00
	ID	CALDWELL	CALDWELL INDUSTRIAL	1,319,705.00
	IL	CHICAGO/AURORA	AURORA MUNICIPAL	1,029,070.00
		CHICAGO/WEST CHICAGO	DU PAGE COUNTY	527,558.26
		CHICAGO/WHEELING	PALWAUKEE	8,534,000.00
		LANSING	LANSING MUNICIPAL	805,500.00
	IN	INDIANAPOLIS	GREENWOOD MUNICIPAL	732,748.65
			INDIANAPOLIS TERRY	1,302,750.00
			METROPOLITIAN	765,900.00
			EAGLE CREEK AIRPARK	416,250.00
			GREENWOOD MUNICIPAL	251,998.43
		JEFFERSONVILLE	CLARK COUNTY	1,206,000.00
	KS	OLATHE	JOHNSON COUNTY EXECUTIVE	275,272.83
			JOHNSON COUNTY INDUSTRIAL	123,300.00
	KY	LOUISVILLE	BOWMAN FIELD	225,697.00
	LA	NEW ORLEANS	NEW ORLEANS CBD HELIPORT	4,815.00
		RESERVE	ST JOHN PARISH (NEW)	1,100,000.00
		SHREVEPORT	SHREVEPORT DOWNTOWN	45,606.09
	MA	BEDFORD	LAURENCE G HANSCOM FIELD	557,357.00
		BEVERLY	BEVERLY MUNICIPAL	668,023.31
		LAWRENCE	LAWRENCE MUNICIPAL	150,704.12
		NORWOOD	NORWOOD MEMORIAL	18,000.00
	MD	BALTIMORE	GLENN L MARTIN STATE	319,000.00
		CLINTON	WASHINGTON EXECUTIVE (HYDE FIELD)	1,375,455.83
		FREDERICK	FREDERICK MUNICIPAL	1,170,000.00
		GAITHERSBURG	MONTGOMERY CO AIRPARK	1,948,948.00
	MI	DETROIT	WILLOW RUN	3,839,249.00
	MN	SOUTH ST PAUL	SOUTH ST PAUL MUNICIPAL	432,000.00
		ST PAUL	ST PAUL DOWNTOWN HOLMAN FIELD	2,260,000.00
	MO	KANSAS CITY	DOWNTOWN	117,311.50
			RICHARDS - GEBAUR	1,774,600.60
			DOWNTOWN	1,610,550.00
		LEE'S SUMMIT	MCCOMAS-LEE'S SUMMIT MUNICIPAL	1,544,931.00
		ST LOUIS	SPIRIT OF ST LOUIS	149,999.40
	NE	OMAHA	MILLARD	603,497.74
	NH	NASHUA	BOIRE FIELD	794,215.69
	NJ	LINDEN	LINDEN	63,000.00
		MORRISTOWN	MORRISTOWN MUNICIPAL	14,214.92
		TETERBORO	TETERBORO	2,123,346.00
	NV	LAS VEGAS	NORTH LAS VEGAS AIR TERMINAL	15,091,875.00
	NY	BATAVIA	GENESEE COUNTY	340,855.92

FY	ST	CITY	LOCATION	AMOUNT
87	NY	BROCKPORT	LEDGEDALE AIRPARK	319,796.00
		FARMINGDALE	REPUBLIC	257,562.00
	.	SHIRLEY	BROOKHAVEN	279,360.00
	OH	CINCINNATI	CINCINNATI MUNICIPAL-LUNKEN FIELD	1,900,000.00
		MEDINA	MEDINA MUNICIPAL	1,695,133.00
		WILLOUGHBY	LOST NATION	1,864,867.00
	OK	NORMAN	UNIV OF OKLAHOMA WESTHEIMER AIRPARK	1,574,721.72
		SAND SPRINGS	WILLIAM R POGUE MUNICIPAL	453,772.46
	OR	MULINO	MULINO	1,000,000.00
		PORTLAND	PORTLAND-HILLSBORO	115,755.68
	PA	BEAVER	BEAVER COUNTY	707,400.00
		BUTLER	BUTLER-GRAHAM	377,820.00
		COATESVILLE	CHESTER COUNTY-G O CARLSON	730,000.00
		HARRISBURG	NEW	25,200.00
		LATROBE	WESTMORELAND COUNTY	160,000.00
		MONONGAHELA	ROSTRAVER	253,400.00
		PHILADELPHIA	NEW DOWNTOWN HELIPORT	114,322.00
		PITTSBURGH	NEW	49,500.00
		POTTSTOWN	POTTSTOWN LIMERICK	450,000.00
		WASHINGTON	WASHINGTON COUNTY	1,549,070.85
	RI	PAWTUCKET	NORTH CENTRAL STATE	1,177,121.00
	SC	ROCK HILL	BRYANT FIELD	542,328.00
	TX	CONROE	MONTGOMERY COUNTY	874,037.20
		DALLAS	ADDISON	162,000.00
		FORT WORTH	FORT WORTH SPINKS	2,200,000.00
		GARLAND	GARLAND HELIPORT (NEW)	1,526,960.34
		HOUSTON	HOUSTON-HULL	27,000.00
			ELLINGTON FIELD	1,356,500.00
		LANCASTER	LANCASTER	2,287,376.87
		MC KINNEY	MC KINNEY MUNICIPAL	2,225,000.00
		SAN ANTONIO	STINSON MUNICIPAL	843,930.00
	UT	SALT LAKE CITY	SALT LAKE CITY MUNICIPAL NO 2	189,000.00
	VA	ASHLAND	HANOVER COUNTY MUNICIPAL	243,286.00
		CHESTERFIELD	CHESTERFIELD COUNTY	350,100.00
		LEESBURG	LEESBURG MUNICIPAL/GODFREY FIELD	1,000,000.00
		MANASSAS	MANASSAS MUNICIPAL/DAVIS FIELD	1,016,961.80
	WA	EVERETT	SNOHOMISH COUNTY/PAINE FIELD	1,632,820.57
		SEATTLE	BOEING FIELD/KING COUNTY INTERNATIONAL	295,184.10
	WI	KENOSHA	KENOSHA MUNICIPAL	1,291,824.18
		RACINE	HORLICK-RACINE	1,300,000.00
		WAUKESHA	WAUKESHA COUNTY	631,800.00
			FY TOTAL	123,037,069.07
88	AR	NORTH LITTLE ROCK	NORTH LITTLE ROCK MUNICIPAL	702,607.30
	AZ	CHANDLER	CHANDLER MUNICIPAL	2,020,039.32
		GLENDALE	GLENDALE MUNICIPAL	1,195,536.00

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FY	ST	CITY	LOCATION	AMOUNT
86	AZ	PHOENIX	PHOENIX-DEER VALLEY MUNICIPAL	1,207,591.00
		TUCSON	RYAN FIELD	44,340.47
	CA	CAMARILLO	CAMARILLO	184,729.68
		CHINO	CHINO	816,031.89
		CONCORD	BUCHANAN FIELD	1,373,242.96
		EL MONTE	EL MONTE	127,726.00
		FREMONT	NEW	80,000.00
		FULLERTON	FULLERTON MUNICIPAL	1,250,000.00
		HAWTHORNE	HAWTHORNE MUNICIPAL	499,649.70
		HAYWARD	HAYWARD AIR TERMINAL	739,830.70
		LIVERMORE	LIVERMORE MUNICIPAL	2,000,000.00
		LOS ANGELES	WHITEMAN	500,000.00
		NAPA	NAPA COUNTY	737,055.80
		NOVATO	GNOSS FIELD	157,500.00
		RIALTO	RIALTO MUNICIPAL (MIRO FIELD)	3,259,374.00
		RIVERSIDE	RIVERSIDE MUNICIPAL	623,690.00
		SAN CARLOS	SAN CARLOS	228,600.00
	CO	DENVER	FRONT RANGE	130,973.76
			JEFFERSON COUNTY	923.300.00
			CENTENNIAL	1,610,303.41
			FRONT RANGE	445,632.10
	CT	HARTFORD	HARTFORD BRAINARD	128,700.00
	FL	FORT LAUDERDALE	FORT LAUDERDALE EXECUTIVE	703,588.00
		LAKELAND	LAKELAND MUNICIPAL	623,724.95
		MIAMI	OPA LOCKA	1,178,500.00
		ORLANDO	ORLANDO EXECUTIVE	281,092.00
		ST PETERSBURG	ALBERT WHITTED	273,000.00
		TAMPA	VANDENBERG	2,214,096.00
		TITUSVILLE	SPACE CENTER EXECUTIVE	454,000.00
	GA	ATLANTA	FULTON COUNTY-BROWN FIELD	319,146.00
		COVINGTON	COVINGTON MUNICIPAL	148,425.00
		HAMPTON	HENRY COUNTY-MORRIS FIELD	160,740.00
		LAWRENCEVILLE	GWINNETT COUNTY-BRISCOE FIELD	3,235,726.51
		MARIETTA	MC COLLUM	39,126.00
		STONE MOUNTAIN	STONE MOUNTAIN-BRITT MEMORIAL	39,600.00
	ID	CALDWELL	CALDWELL INDUSTRIAL	707,941.91
	IL	BELLEVILLE	SCOTT AIR FORCE BASE	900,000.00
		CHICAGO/AURORA	AURORA MUNICIPAL	753,300.00
		CHICAGO/WAUKEGAN	WAUKEGAN REGIONAL	856,050.00
		CHICAGO/WEST CHICAGO	DU PAGE COUNTY	996,750.00
		CHICAGO/WHEELING	PALWAUKEE	7,040,495.00
	IN	INDIANAPOLIS	GREENWOOD MUNICIPAL	899,983.19
			INDIANAPOLIS TERRY	834,994.88
			METROPOLITIAN	1,404,265.00
		JEFFERSONVILLE	CLARK COUNTY	767,526.36
	KS	AUGUSTA	AUGUSTA MUNICIPAL	27,882.00
		NEWTON	NEWTON-CITY-COUNTY	178,691.46
		OLATHE	JOHNSON COUNTY INDUSTRIAL	800,000.00
		WICHITA	COLONEL JAMES JABARA	1,192,287.00

FY	ST	CITY	LOCATION	AMOUNT
86	LA	NEW ORLEANS	LAKEFRONT	2,046,854.71
		NEW ROADS	FALSE RIVER AIR PARK	330,866.10
	MA	LAWRENCE	LAWRENCE MUNICIPAL	997,308.75
		NORWOOD	NORWOOD MEMORIAL	127,800.00
	MD	BALTIMORE	GLENN L MARTIN STATE	54,348.20
		CLINTON	WASHINGTON EXECUTIVE (HYDE FIELD)	22,479.00
	MI	DETROIT/GROSSE ILE	GROSSE ILE MUNICIPAL	885,000.00
		MONROE	CUSTER-MONROE MUNICIPAL	445,650.29
		MT. CLEMENS	NEW	150,000.00
		PONTIAC	OAKLAND-PONTIAC	600,000.00
	MO	CLAYTON	NEW	72,500.00
		INDEPENDENCE	INDEPENDENCE (NEW)	42,442.00
		KANSAS CITY	DOWNTOWN	994,769.54
			RICHARDS - GEBAUR	1,758,444.90
			DOWNTOWN	319,624.77
		ST LOUIS	SPIRIT OF ST LOUIS	1,542,233.00
	MS	OLIVE BRANCH	OLIVE BRANCH	1,089,023.00
	NC	ROXBORO	PERSON COUNTY	610,227.00
	NH	NASHUA	BOIRE FIELD	130,662.70
	NJ	CALDWELL	ESSEX COUNTY	1,324,610.00
		MORRISTOWN	MORRISTOWN MUNICIPAL	152,055.79
		TETERBORO	TETERBORO	1,954,305.62
	NM	ALBUQUERQUE	DOUBLE EAGLE II	595,701.32
		SANTA TERESA	SANTA TERESA	369,332.51
	NV	RENO	RENO/STEAD	900,000.00
	NY	FARMINGDALE	REPUBLIC	1,325,430.00
		NEW YORK	NEW YORK VTOL PORT (NEW)	209,070.00
		SCHENECTADY	SCHENECTADY COUNTY	126,456.00
		SHIRLEY	BROOKHAVEN	255,624.27
	OH	CINCINNATI	CINCINNATI MUNICIPAL-LUNKEN FIELD	18,450.00
		COLUMBUS	OHIO STATE UNIVERSITY	150,000.00
			BOLTON FIELD	600,000.00
			OHIO STATE UNIVERSITY	903,412.00
		LORAIN/ELYRIA	LORAIN COUNTY REGIONAL	135,000.00
		WILLOUGHBY	LOST NATION	2,400,000.00
	OK	NORMAN	UNIV OF OKLAHOMA WESTHEIMER AIRPARK	500,000.00
		TULSA	RICHARD LLOYD JONES, JR.	1,397,816.32
	PA	COATESVILLE	CHESTER COUNTY-G O CARLSON	492,894.89
		HARRISBURG	CAPITAL CITY	675,000.00
		TOUGHKENAMON	THE NEW GARDEN FLYING FIELD	6,395.52
		WASHINGTON	WASHINGTON COUNTY	1,080,000.00
		WEST CHESTER	BRANDYWINE	371,988.00
	SC	ROCK HILL	BRYANT FIELD	495,098.00
	TN	MEMPHIS	GENERAL DEWITT SPAIN	276,500.00
		MILLINGTON	CHARLES W BAKER	197,615.00
		NASHVILLE	JOHN C TUNE	1,012,870.00
	TX	AMARILLO	TRADEWIND	625,000.00
		CONROE	MONTGOMERY COUNTY	755,437.22
		DENTON	DENTON MUNICIPAL	203,230.10

FY	ST	CITY	LOCATION	AMOUNT
86	TX	FORT WORTH	FORT WORTH SPINKS	2,500,000.00
		HOUSTON	WEST SIDE (NEW)	100,000.00
		LA PORTE	LA PORTE MUNICIPAL	440,000.00
		MC KINNEY	MC KINNEY MUNICIPAL	858,941.50
		SAN ANTONIO	STINSON MUNICIPAL	723,922.00
		SEALY	SEALY REGIONAL (NEW)	1,000,000.00
		WICHITA FALLS	KICKAPOO DOWNTOWN AIRPARK	33,658.62
	VA	LEESBURG	LEESBURG MUNICIPAL/GODFREY FIELD	1,840,429.53
		MANASSAS	MANASSAS MUNICIPAL/DAVIS FIELD	461,250.00
	WA	AUBURN	AUBURN MUNICIPAL	242,920.83
		EVERETT	SNOHOMISH COUNTY/PAINE FIELD	2,053,724.90
		RENTON	RENTON MUNICIPAL	59,400.00
		SEATTLE	BOEING FIELD/KING COUNTY INTERNATIONAL	1,384,751.54
	WI	KENOSHA	KENOSHA MUNICIPAL	3,584,790.00
		WAUKESHA	WAUKESHA COUNTY	2,160,000.00
			FY TOTAL	97,190,700.79
85	AL	BESSEMER	BESSEMER	735,186.00
	AZ	CHANDLER	CHANDLER MUNICIPAL	1,100,000.00
		GLENDALE	GLENDALE MUNICIPAL	2,000,000.00
		PHCENIX	PHOENIX-DEER VALLEY MUNICIPAL	454,691.71
	CA	AGUA DULCE	AGUA DULCE AIRPARK	135,000.00
		CHINO	CHINO	1,134,157.91
		CONCORD	BUCHANAN FIELD	880,605.00
		FREMONT	NEW	46,395.00
		FULLERTON	FULLERTON MUNICIPAL	1,869,728.00
		HAYWARD	HAYWARD AIR TERMINAL	754,003.20
		LA VERNE	BRACKETT FIELD	380,440.00
		LINCOLN	LINCOLN MUNICIPAL	828,201.09
		LIVERMORE	LIVERMORE MUNICIPAL	2,683,826.00
		RIALTO	RIALTO MUNICIPAL (MIRO FIELD)	1,000,000.00
		RIVERSIDE	RIVERSIDE MUNICIPAL	1,232,734.97
		SAN DIEGO	BROWN FIELD MUNICIPAL	173,524.73
		SANTA MONICA	SANTA MONICA MUNICIPAL	5,000,000.00
		UPLAND	CABLE	495,000.00
	CO	DENVER	FRONT RANGE	1,320,320.65
			JEFFERSON COUNTY	2,803,886.53
			CENTENNIAL	269,668.83
	DE	WILMINGTON	NEW CASTLE COUNTY	90,000.00
	FL	BOCA RATON	BOCA RATON	475,479.00
		FORT LAUDERDALE	FORT LAUDERDALE EXECUTIVE	727,719.00
		JACKSONVILLE	CRAIG MUNICIPAL	274,273.37
		LAKELAND	LAKELAND MUNICIPAL	557,589.00
		MIAMI	OPA LOCKA	1,368,900.00
		ORLANDO	ORLANDO EXECUTIVE	1,061,065.00
		SANFORD	CENTRAL FLORIDA REGIONAL	740,243.00

FY	ST	CITY	LOCATION	AMOUNT
85	FL	ST PETERSBURG	ALBERT WHITTED	33,763.00
		TAMPA	VANDENBERG	2,593,670.00
		TITUSVILLE	SPACE CENTER EXECUTIVE	615,126.00
	GA	MARIETTA	MC COLLUM	249,300.00
	IA	DAVENPORT	DAVENPORT MUNICIPAL	390,893.88
	ID	CALDWELL	CALDWELL INDUSTRIAL	49,396.00
	IL	ALTON	CIVIC MEMORIAL	482,276.69
		CHICAGO/AURORA	AURORA MUNICIPAL	678,306.00
		CHICAGO/WHEELING	PALWAUKEE	7,290,000.00
		LANSING	LANSING MUNICIPAL	370,800.00
	IN	INDIANAPOLIS	METROPOLITIAN	120,078.00
			EAGLE CREEK AIRPARK	459,808.52
			METROPOLITIAN	736,518.00
		JEFFERSONVILLE	CLARK COUNTY	374,854.83
	KS	AUGUSTA	AUGUSTA MUNICIPAL	313,385.22
		OLATHE	JOHNSON COUNTY INDUSTRIAL	1,895,079.05
		WICHITA	COLONEL JAMES JABARA	612,827.91
	LA	NEW ROADS	FALSE RIVER AIR PARK	0.00
		SLIDELL	SLIDELL	436,926.23
	MA	BEDFORD	LAURENCE G HANSCOM FIELD	545,283.00
		BEVERLY	BEVERLY MUNICIPAL	805,108.65
		LAWRENCE	LAWRENCE MUNICIPAL	356,034.00
	MD	BALTIMORE	BALTIMORE CITY HELIPORT (NEW)	90,000.00
			GLENN L MARTIN STATE	1,216,785.00
		FREDERICK	FREDERICK MUNICIPAL	109,708.50
	MI	DETROIT	WILLOW RUN	815,400.00
		DETROIT/GROSSE ILE	GROSSE ILE MUNICIPAL	875,656.47
		MONROE	CUSTER-MONROE MUNICIPAL	852,020.20
		PONTIAC	OAKLAND-PONTIAC	161,000.00
		UTICA	BERZ MACOMB	244,335.63
	MN	LAKEVILLE	AIRLAKE INDUSTRIAL PARK	46,762.55
		ST PAUL	ST PAUL DOWNTOWN HOLMAN FIELD	2,869,830.00
	MO	KANSAS CITY	DOWNTOWN	745,206.79
		ST LOUIS	SPIRIT OF ST LOUIS	447,405.00
			WEISS	20,475.00
	NH	NASHUA	BOIRE FIELD	447,753.67
	NJ	CALDWELL	ESSEX COUNTY	979,427.40
		MORRISTOWN	MORRISTOWN MUNICIPAL	135,481.29
		TETERBORO	TETERBORO	189,223.60
	NM	ALBUQUERQUE	ALBUQUERQUE NORTH RELIEVER NEW RTH R	95,670.00
		SANTA TERESA	SANTA TERESA	4,316.86
	NV	RENO	RENO/STEAD	990,000.00
	NY	DOWNTOWN MANHATTAN	DOWNTOWN MANHATTAN	2,245,000.00
		FARMINGDALE	REPUBLIC	1,801,624.50
		NIAGARA FALLS	NIAGARA FALLS INTERNATIONAL	909,022.00
	OH	CINCINNATI	CINCINNATI MUNICIPAL-LUNKEN FIELD	67,500.00
		CLEVELAND	CUYAHOGA COUNTY	342,265.00
		COLUMBUS	OHIO STATE UNIVERSITY	305,941.78
			RICKENBACKER	215,000.00

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FY	ST	CITY	LOCATION	AMOUNT
95	OH	LORAIN/ELYRIA	LORAIN COUNTY REGIONAL	380,700.00
		TOLEDO	TOLEDO METCALFE	400,000.00
		WILLOUGHBY	LOST NATION	3,483,000.00
	OK	NORMAN	UNIV OF OKLAHOMA WESTHEIMER AIRPARK	654,308.10
		OKLAHOMA CITY	WILEY POST	722,740.19
	OR	MULINO	MULINO	2,500,000.00
		PORTLAND	PORTLAND-HILLSBORO	263,338.95
	PA	BEAVER	BEAVER COUNTY	349,990.00
		COATESVILLE	CHESTER COUNTY-G O CARLSON	852,120.00
		HARRISBURG	CAPITAL CITY	500,000.00
			NEW	64,952.00
		PITTSBURGH	NEW	67,500.00
		POTTSTOWN	POTTSTOWN LIMERICK	546,360.00
		WASHINGTON	WASHINGTON COUNTY	1,644,000.00
		WEST CHESTER	BRANDYWINE	80,967.95
	SC	ROCK HILL	BRYANT FIELD	556,732.00
	TN	NASHVILLE	JOHN C TUNE	870,592.37
	TX	AMARILLO	TRADEWIND	768,665.00
		AUSTIN	AUSTIN EXECUTIVE AIRPARK	1,456,210.30
		CONROE	MONTGOMERY COUNTY	1,153,605.23
		DENTON	DENTON MUNICIPAL	34,691.00
		FORT WORTH	FORT WORTH MEACHAM	146,308.08
			FORT WORTH SPINKS	4,929,156.33
		LA PORTE	LA PORTE MUNICIPAL	493,569.91
		LANCASTER	LANCASTER	565,358.46
		MESQUITE	PHIL L HUDSON MUNICIPAL	1,061,480.64
		SAN ANTONIO	STINSON MUNICIPAL	774,190.51
		SEALY	SEALY REGIONAL (NEW)	1,500,000.00
	VA	ALEXANDRIA	NEW	39,962.42
		ASHLAND	HANOVER COUNTY MUNICIPAL	46,287.00
		CHESTERFIELD	CHESTERFIELD COUNTY	385,301.07
		LEESBURG	LEESBURG MUNICIPAL/GODFREY FIELD	381,808.04
	WA	EVERETT	SNOHOMISH COUNTY/PAINE FIELD	2,702,079.00
		SEATTLE	BOEING FIELD/KING COUNTY INTERNATIONAL	1,738,740.55
		SPOKANE	FELTS FIELD	10,813.00
	WI	KENOSHA	KENOSHA MUNICIPAL	1,380,960.00
		MILWAUKEE	LAWRENCE J TIMMERMAN	180,444.29
		RACINE	HORLICK-RACINE	2,038,050.00
		WAUKESHA	WAUKESHA COUNTY	590,400.00
			FY TOTAL	103,540,266.60
			GRAND TOTAL	616,465,304.54

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FY	ST	CITY	LOCATION	AMOUNT
89	AK	JUNEAU	JUNEAU INTERNATIONAL	2,198,722.27
	AL	BIRMINGHAM	THE BIRMINGHAM	1,770,000.00
	AR	LITTLE ROCK	ADAMS FIELD	7,400,000.00
	CA	MONTEREY	MONTEREY PENINSULA	357,939.00
		PALM SPRINGS	PALM SPRINGS REGIONAL	346,500.00
	FL	SARASOTA	SARASOTA-BRADENTON	2,400,000.00
	GA	COLUMBUS	COLUMBUS METROPOLITAN	1,000,000.00
	IA	DES MOINES	DES MOINES MUNICIPAL	1,000,000.00
	IL	MOLINE	QUAD-CITY	1,989,000.00
		SPRINGFIELD	CAPITAL	593,108.00
	IN	FORT WAYNE	FORT WAYNE MUNICIPAL/BAER FIELD	3,101,095.00
	KS	WICHITA	WICHITA MID-CONTINENT	1,188,755.00
	KY	LEXINGTON	BLUE GRASS	225,000.00
	LA	BATON ROUGE	BATON ROUGE METROPOLITAN, RYAN FIELD	1,025,965.00
	MI	LANSING	CAPITAL CITY	400,000.00
		SAGINAW	TRI-CITY INTERNATIONAL	300,000.00
	MO	SPRINGFIELD	SPRINGFIELD REGIONAL	500,000.00
	ND	BISMARCK	BISMARCK MUNICIPAL	87,273.00
	NY	JAMESTOWN	CHAUTAUQUA COUNTY/JAMESTOWN	675,000.00
		PLATTSBURGH	CLINTON COUNTY	115,000.00
	OH	AKRON	AKRON-CANTON REGIONAL	481,275.00
	PA	ALLENTOWN	ALLENTOWN-BETHLEHEM-EASTON	486,000.00
		LANCASTER	LANCASTER	1,377,000.00
		MIDDLETOWN	HARRISBURG INTERNATIONAL-OLMSTED FIELD	1,240,400.00
	RI	PROVIDENCE	THEODORE F GREEN STATE	1,942,699.46
	SC	COLUMBIA	COLUMBIA METROPOLITAN	2,538,825.00
		GREER	GREENVILLE-SPARTANBURG	253,057.00
	TN	KNOXVILLE	MC GHEE TYSON	4,000,000.00
	TX	CORPUS CHRISTI	CORPUS CHRISTI INTERNATIONAL	1.64
		HARLINGEN	RIO GRANDE VALLEY INTERNATIONAL	168,966.00
	VA	ROANOKE	ROANOKE REGIONAL/WOODRUM	162,000.00
	WI	MADISON	DANE COUNTY REGIONAL-TRUAX FIELD	180,001.00
			FY TOTAL	39,503,582.37
88	AL	BIRMINGHAM	THE BIRMINGHAM	2,994,370.00
		MOBILE	BATES FIELD	232,348.00
	AR	LITTLE ROCK	ADAMS FIELD	5,560,000.00
	CO	COLORADO SPRINGS	COLORADO SPRINGS MUNICIPAL	3,300,000.00
	FL	MELBOURNE	MELBOURNE REGIONAL	266,600.00
	IA	CEDAR RAPIDS	CEDAR RAPIDS MUNICIPAL	1,145,089.93
		DES MOINES	DES MOINES MUNICIPAL	153,000.00
	IL	MOLINE	QUAD-CITY	468,516.83
		PEORIA	GREATER PEORIA REGIONAL	162,000.00
	IN	EVANSVILLE	EVANSVILLE REGIONAL	1,681,094.34
		FORT WAYNE	FORT WAYNE MUNICIPAL/BAER FIELD	3,841,696.00
		SOUTH BEND	MICHIANA REGIONAL	9,556.70

FY	ST	CITY	LOCATION	AMOUNT
88	KY	OWENSBORO	OWENSBORO-DAVIESS COUNTY	11,803.00
	LA	BATON ROUGE	BATON ROUGE METROPOLITAN, RYAN FIELD	1,600,000.00
	MI	SAGINAW	TRI-CITY INTERNATIONAL	1,965,184.00
	MO	SPRINGFIELD	SPRINGFIELD REGIONAL	1,842,026.00
	MT	BILLINGS	BILLINGS-LOGAN INTERNATIONAL	1,252,708.40
	ND	BISMARCK	BISMARCK MUNICIPAL	626,175.00
	OH	AKRON	AKRON-CANTON REGIONAL	1,100,000.00
		TOLEDO	TOLEDO EXPRESS	300,000.00
	PA	MIDDLETOWN	HARRISBURG INTERNATIONAL-OLMSTED FIELD	950,000.00
	SC	COLUMBIA	COLUMBIA METROPOLITAN	5,091,325.00
	TN	KNOXVILLE	MC GHEE TYSON	3,200,000.00
	TX	CORPUS CHRISTI	CORPUS CHRISTI INTERNATIONAL	0.56
		HARLINGEN	RIO GRANDE VALLEY INTERNATIONAL	847,500.00
	VA	ROANOKE	ROANOKE REGIONAL/WOODRUM	2,200,000.00
	VI	CHARLOTTE AMALIE	CYRIL E KING	3,555,000.00
	WI	GREEN BAY	GREEN BAY INTERNATIONAL	109,376.00
			FY TOTAL	44,465,369.76
87	AK	FAIRBANKS	FAIRBANKS INTERNATIONAL	236,859.00
	AL	HUNTSVILLE	HUNTSVILLE INTL-CARL T JONES FIELD	177,138.00
		MOBILE	BATES FIELD	713,700.00
	AR	LITTLE ROCK	ADAMS FIELD	853,691.56
	CA	FRESNO	FRESNO AIR TERMINAL	2,771,534.00
		MONTEREY	MONTEREY PENINSULA	400,000.00
		PALM SPRINGS	PALM SPRINGS REGIONAL	58,799.54
	FL	MELBOURNE	MELBOURNE REGIONAL	48,805.75
		ST PETERSBURG	ST PETERSBURG-CLEARWATER INTERNATIONAL	980,000.00
		TALLAHASSEE	TALLAHASSEE REGIONAL	15,320.00
	GA	SAVANNAH	SAVANNAH INTERNATIONAL	950,000.00
	IL	MOLINE	QUAD-CITY	91,767.00
		PEORIA	GREATER PEORIA REGIONAL	1,453,906.00
		SPRINGFIELD	CAPITAL	148,500.00
	IN	EVANSVILLE	EVANSVILLE REGIONAL	0.00
		FORT WAYNE	FORT WAYNE MUNICIPAL/BAER FIELD	2,619,361.54
	KS	WICHITA	WICHITA MID-CONTINENT	5,362,653.99
	KY	LEXINGTON	BLUE GRASS	19,803.00
	LA	BATON ROUGE	BATON ROUGE METROPOLITAN, RYAN FIELD	1,500,000.00
		SHREVEPORT	SHREVEPORT REGIONAL	13,296.78
	ME	PORTLAND	PORTLAND INTERNATIONAL JETPORT	450,783.71
	MI	GRAND RAPIDS	KENT COUNTY INTERNATIONAL	300,000.00
		LANSING	CAPITAL CITY	31,972.00
	MS	JACKSON	JACKSON INTERNATIONAL	414,625.00
	NC	FAYETTEVILLE	FAYETTEVILLE REGIONAL/GRANNIS FIELD	610,560.00
	OH	AKRON	AKRON-CANTON REGIONAL	460,000.00
	OR	EUGENE	MAHLON SWEET FIELD	1,000,000.20
	PA	ALLENTOWN	ALLENTOWN-BETHLEHEM-EASTON	236,910.44

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FY	ST	CITY	LOCATION	AMOUNT
87	PA	ERIE	ERIE INTERNATIONAL	0.95
	RI	PROVIDENCE	THEODORE F GREEN STATE	1,718,693.62
	SC	COLUMBIA	COLUMBIA METROPOLITAN	2,006,256.00
	SD	RAPID CITY	RAPID CITY REGIONAL	1,604,580.00
		SIOUX FALLS	JOE FOSS FIELD	379,903.98
	TX	HARLINGEN	RIO GRANDE VALLEY INTERNATIONAL	0.58
		MIDLAND	MIDLAND INTERNATIONAL	0.10
	VA	NEWPORT NEWS	PATRICK HENRY INTERNATIONAL	3,787.71
		ROANOKE	ROANOKE REGIONAL/WOODRUM	1,200,000.00
	VI	CHARLOTTE AMALIE	CYRIL E KING	187,574.00
	VT	BURLINGTON	BURLINGTON INTERNATIONAL	139,000.00
	WA	SPOKANE	SPOKANE INTERNATIONAL	0.00
	WI	MADISON	DANE COUNTY REGIONAL-TRUAX FIELD	116,407.16
			FY TOTAL	29,276,191.61
86	AL	BIRMINGHAM	THE BIRMINGHAM	3,008,947.00
		HUNTSVILLE	HUNTSVILLE INTL-CARL T JONES FIELD	996,878.00
		MOBILE	BATES FIELD	589,008.00
		MONTGOMERY	DANNELLY FIELD	17,733.00
	AR	LITTLE ROCK	ADAMS FIELD	4,648,262.83
	CA	FRESNO	FRESNO AIR TERMINAL	118,040.07
		PALM SPRINGS	PALM SPRINGS REGIONAL	35,377.60
	FL	PENSACOLA	PENSACOLA REGIONAL	8,485.00
		ST PETERSBURG	ST PETERSBURG-CLEARWATER INTERNATIONAL	41,053.00
	GA	SAVANNAH	SAVANNAH INTERNATIONAL	0.00
	GU	AGANA	GUAM INTERNATIONAL AIR TERMINAL	1,870,002.40
	IA	DES MOINES	DES MOINES MUNICIPAL	182,417.00
	IL	MOLINE	QUAD-CITY	2,799,773.49
		SPRINGFIELD	CAPITAL	1,003,432.00
	IN	FORT WAYNE	FORT WAYNE MUNICIPAL/BAER FIELD	1,859,816.16
	KS	WICHITA	WICHITA MID-CONTINENT	3,000,000.00
	KY	LEXINGTON	BLUE GRASS	77,233.00
	LA	BATON ROUGE	BATON ROUGE METROPOLITAN, RYAN FIELD	2,207,179.20
	MI	GRAND RAPIDS	KENT COUNTY INTERNATIONAL	121,932.01
	MS	JACKSON	JACKSON INTERNATIONAL	328,136.00
	MT	BILLINGS	BILLINGS-LOGAN INTERNATIONAL	340,318.91
		GREAT FALLS	GREAT FALLS INTERNATIONAL	69,814.00
	NC	FAYETTEVILLE	FAYETTEVILLE REGIONAL/GRANNIS FIELD	502,448.54
		GREENSBORO	PIEDMONT TRIAD INTERNATIONAL	64,018.00
	ND	BISMARCK	BISMARCK MUNICIPAL	0.00
	OH	AKRON	AKRON-CANTON REGIONAL	275,000.00
	OR	EUGENE	MAHLON SWEET FIELD	1,000,000.00
	PA	ALLENTOWN	ALLENTOWN-BETHLEHEM-EASTON	1,000,000.00
		WILKES-BARRE/SCRANTON	WILKES-BARRE/SCRANTON INTERNATIONAL	3,750,304.00
	TN	BRISTOL	TRI-CITY REGIONAL	27,943.00
		CHATTANOOGA	LOVELL FIELD	55,993.00

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FY	ST	CITY	LOCATION	AMOUNT
86	TN	KNOXVILLE	MC GHEE TYSON	160,588.00
	TX	AMARILLO	AMARILLO INTERNATIONAL	0.00
		CORPUS CHRISTI	CORPUS CHRISTI INTERNATIONAL	0.00
		HARLINGEN	RIO GRANDE VALLEY INTERNATIONAL	19,829.58
		LUBBOCK	LUBBOCK INTERNATIONAL	20,836.79
	VI	CHARLOTTE AMALIE	CYRIL E KING	3,730,158.00
	WA	SPOKANE	SPOKANE INTERNATIONAL	11,827.00
		YAKIMA	YAKIMA AIR TERMINAL	1,800.80
	WI	APPLETON	OUTAGAMIE COUNTY	14,990.45
		GREEN BAY	GREEN BAY INTERNATIONAL	1,102,376.00
			FY TOTAL	35,061,951.83
85	AK	FAIRBANKS	FAIRBANKS INTERNATIONAL	1,826,918.45
	AL	BIRMINGHAM	THE BIRMINGHAM	88,843.68
		HUNTSVILLE	HUNTSVILLE INTL-CARL T JONES FIELD	1,539,462.00
		MOBILE	BATES FIELD	1,213,867.00
	AR	LITTLE ROCK	ADAMS FIELD	2,278,282.05
	CA	LONG BEACH	LONG BEACH-DAUGHERTY FIELD	8,756.00
		MONTEREY	MONTEREY PENINSULA	57,957.66
		PALM SPRINGS	PALM SPRINGS REGIONAL	4,082,713.90
	CO	COLORADO SPRINGS	COLORADO SPRINGS MUNICIPAL	134,611.00
	FL	MELBOURNE	MELBOURNE REGIONAL	144,550.64
	GA	SAVANNAH	SAVANNAH INTERNATIONAL	0.00
	HI	HILO	HILO INTERNATIONAL	350,000.00
		KAILUA-KONA	KE-AHOLE	350,000.00
	IA	DES MOINES	DES MOINES MUNICIPAL	10,317.90
	ID	BOISE	BOISE AIR TERMINAL	225,000.00
	IL	MOLINE	QUAD-CITY	277,746.03
		PEORIA	GREATER PEORIA REGIONAL	1,184,785.86
		SPRINGFIELD	CAPITAL	231,885.00
	IN	EVANSVILLE	EVANSVILLE REGIONAL	1,100,000.00
		FORT WAYNE	FORT WAYNE MUNICIPAL/BAER FIELD	2,387,412.00
	KS	WICHITA	WICHITA MID-CONTINENT	2,993,269.20
	KY	LEXINGTON	BLUE GRASS	1,562,199.00
	LA	BATON ROUGE	BATON ROUGE METROPOLITAN, RYAN FIELD	1,209,711.19
	ME	PORTLAND	PORTLAND INTERNATIONAL JETPORT	5,991.70
	MI	LANSING	CAPITAL CITY	154,645.00
		SAGINAW	TRI-CITY INTERNATIONAL	135,194.58
	MN	DULUTH	DULUTH INTERNATIONAL	445,195.00
	NC	ASHEVILLE	ASHEVILLE REGIONAL	7,449.00
		GREENSBORO	PIEDMONT TRIAD INTERNATIONAL	369,220.00
	ND	FARGO	HECTOR INTERNATIONAL	943,618.00
	NE	LINCOLN	LINCOLN MUNICIPAL	78,303.64
	NY	ALBANY	ALBANY COUNTY	508,000.00
	OH	AKRON	AKRON-CANTON REGIONAL	1,424,110.00
	PA	ALLENTOWN	ALLENTOWN-BETHLEHEM-EASTON	1,514,840.00

FY	ST	CITY	LOCATION	AMOUNT
85	PA	ERIE	ERIE INTERNATIONAL	257,040.00
		MIDDLETOWN	HARRISBURG INTERNATIONAL-OLMSTED FIELD	556,463.00
		WILKES-BARRE/SCRANTON	WILKES-BARRE/SCRANTON INTERNATIONAL	5,404,055.00
	SC	GREER	GREENVILLE-SPARTANBURG	138,827.00
	SD	RAPID CITY	RAPID CITY REGIONAL	2,619,430.75
	TN	BRISTOL	TRI-CITY REGIONAL	11,482.00
	TX	AMARILLO	AMARILLO INTERNATIONAL	188,460.00
		CORPUS CHRISTI	CORPUS CHRISTI INTERNATIONAL	0.00
		HARLINGEN	RIO GRANDE VALLEY INTERNATIONAL	18,000.00
		MIDLAND	MIDLAND INTERNATIONAL	896,913.70
	VA	RICHMOND	RICHMOND INTERNATIONAL (BYRD FIELD)	979,603.00
		ROANOKE	ROANOKE REGIONAL/WOODRUM	445,453.29
	VT	BURLINGTON	BURLINGTON INTERNATIONAL	567,611.91
	WI	GREEN BAY	GREEN BAY INTERNATIONAL	0.00
	WV	CHARLESTON	YEAGER	1,361.00
			FY TOTAL	40,929,556.13
			GRAND TOTAL	189,236,651.70

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FY	ST	CITY	LOCATION	AMOUNT
89	AL	TUSCALOOSA	TUSCALOOSA MUNICIPAL	100,832.00
	AR	FORT SMITH	FORT SMITH MUNICIPAL	0.71
	AZ	BULLHEAD CITY	BULLHEAD CITY/LAUGHLIN	2,500,000.00
		FLAGSTAFF	PULLIAM	63,742.00
		YUMA	YUMA MCAS/YUMA INTERNATIONAL	1,000,000.00
	CO	GUNNISON	GUNNISON COUNTY	2,000,000.00
		MONTROSE	MONTROSE COUNTY	543,735.00
		PUEBLO	PUEBLO MEMORIAL	136,614.45
		STEAMBOAT SPRINGS	ROUTT COUNTY STOLPORT (BOB ADAMS FIELD)	1,000,000.00
	CT	NEW HAVEN	TWEED-NEW HAVEN	169,407.00
	FL	NAPLES	NAPLES MUNICIPAL	40,000.00
	GA	ALBANY	SOUTHWEST GEORGIA REGIONAL	108,000.00
	HI	LANAI CITY	LANAI	1,024,394.39
	ID	POCATELLO	POCATELLO MUNICIPAL	0.37
		TWIN FALLS	TWIN FALLS-SUN VALLEY REGIONAL	145,804.00
	IL	BLOOMINGTON	BLOOMINGTON-NORMAL	266,642.00
		CHICAGO	NEW	1,000,000.00
		MARION	WILLIAMSON COUNTY REGIONAL	258,000.00
	IN	ELKHART	ELKHART MUNICIPAL	1,690,570.00
		TERRE HAUTE	HULMAN REGIONAL	2,118,600.00
	LA	ALEXANDRIA	ESLER REGIONAL	293,618.00
		LAFAYETTE	LAFAYETTE REGIONAL	377,267.00
		LAKE CHARLES	LAKE CHARLES REGIONAL	6.00
	MA	HYANNIS	BARNSTABLE MUNI-BOARDMAN/POLANDO FIELD	520,478.00
		WORCESTER	WORCESTER MUNICIPAL	327,619.00
	MD	HAGERSTOWN	HAGERSTOWN REGIONAL	845,390.00
		SALISBURY	SALISBURY WICOMICO COUNTY	53,310.00
	MI	DETROIT	DETROIT CITY	2,467,800.00
		FLINT	BISHOP	1,413,881.00
		KALAMAZOO	KALAMAZOO MUNICIPAL	250,000.00
	MS	GULFPORT-BILOXI	GULFPORT-BILOXI REGIONAL	972,064.00
	MT	GREAT FALLS	GREAT FALLS INTERNATIONAL	0.68
		HELENA	HELENA REGIONAL	23,517.00
	NC	GREENVILLE	PITT-GREENVILLE	832,500.00
		WILMINGTON	NEW HANOVER COUNTY	277,704.00
	ND	GRAND FORKS	GRAND FORKS INTERNATIONAL	1,232,173.00
	NH	LEBANON	LEBANON MUNICIPAL	1,364,400.00
	NM	FARMINGTON	FOUR CORNERS REGIONAL	0.29
	NY	BINGHAMTON	LINK FIELD-BROOME COUNTY	5,028,025.00
		ELMIRA	ELMIRA-CORNING REGIONAL	393,709.00
		POUGHKEEPSIE	DUTCHESS COUNTY	1,100,400.00
	PA	ALTOONA	ALTOONA-BLAIR COUNTY	315,000.00
		READING	READING REGIONAL/CARL A SPAATZ FIELD	700,000.00
		WILLIAMSPORT	WILLIAMSPORT-LYCOMING COUNTY	203,054.00
	SC	FLORENCE	FLORENCE REGIONAL	335,073.38
		MYRTLE BEACH	MYRTLE BEACH AIR FORCE BASE	3,529,195.00
	SD	RAPID CITY	RAPID CITY REGIONAL	372,500.00
	TX	BROWNSVILLE	BROWNSVILLE/SOUTH PADRE ISLAND INTL	500,000.00
		LONGVIEW	GREGG COUNTY	0.03

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FY	ST	CITY	LOCATION	AMOUNT
89	TX	TYLER	POUNDS FIELD	250,000.00
	VA	CHARLOTTESVILLE	CHARLOTTESVILLE - ALBERMARLE	642,025.00
		LYNCHBURG	LYNCHBURG MUNICIPAL PRESTON GLENN FIELD	1,800,000.00
	VI	CHARLOTTE AMALIE	CYRIL E KING	2,882,000.00
	WA	FRIDAY HARBOR	FRIDAY HARBOR	97,270.00
		PORT ANGELES	WILLIAM R FAIRCHILD INTERNATIONAL	283,640.00
		WENATCHEE	PANGBORN FIELD	0.00
	WI	APPLETON	OUTAGAMIE COUNTY	1,700,000.00
		LA CROSSE	LA CROSSE MUNICIPAL	84,000.00
	WV	BLUEFIELD	MERCER COUNTY	19,680.00
		PARKERSBURG	WOOD COUNTY/GILL ROBB WILSON FIELD	450,000.00
	WY	CASPER	NATRONA COUNTY INTERNATIONAL	1,150,262.00
		JACKSON	JACKSON HOLE	765,662.00
		ROCK SPRINGS	ROCK SPRINGS-SWEETWATER COUNTY	0.55
			FY TOTAL	48,019,565.85
38	AK	SITKA	SITKA	1,697,813.00
	AL	ANNISTON	ANNISTON METROPOLITAN	5,003.00
	AR	FAYETTEVILLE	DRAKE FIELD	7,592.25
		FORT SMITH	FORT SMITH MUNICIPAL	0.00
		TEXARKANA	TEXARKANA REGIONAL-WEBB FIELD	488,666.95
	CA	CONCORD	BUCHANAN FIELD	300,000.00
		MODESTO	MODESTO CITY-COUNTY ARPT-HARRY SHAM FLD	45,000.00
		STOCKTON	STOCKTON METROPOLITAN	129,150.00
	CO	MONTROSE	MONTROSE COUNTY	300,000.00
		PUEBLO	PUEBLO MEMORIAL	140,265.00
	CQ	SAIPAN	SAIPAN INTERNATIONAL	58,999.20
	GA	ALBANY	SOUTHWEST GEORGIA REGIONAL	116,726.00
		COLUMBUS	COLUMBUS METROPOLITAN	295,151.30
	IA	DUBUQUE	DUBUQUE REGIONAL	0.00
	IL	BLOOMINGTON	BLOOMINGTON-NORMAL	189,577.00
		CHAMPAIGN/URBANA	UNIVERSITY OF ILLINOIS-WILLARD	1,348,036.00
		DECATUR	DECATUR	300,000.00
	IN	ELKHART	ELKHART MUNICIPAL	1,086,297.00
		TERRE HAUTE	HULMAN REGIONAL	3,501,000.00
	KY	OWENSBORO	OWENSBORO-DAVIESS COUNTY	0.00
		PADUCAH	BARKLEY REGIONAL	8,269.00
	LA	ALEXANDRIA	ESLER REGIONAL	49,180.00
	MA	HYANNIS	BARNSTABLE MUNI-BOARDMAN/POLANDO FIELD	1,338,488.23
		NEW BEDFORD	NEW BEDFORD MUNICIPAL	501,714.81
		WORCESTER	WORCESTER MUNICIPAL	1,961,100.00
	MD	SALISBURY	SALISBURY WICOMICO COUNTY	2,070,318.00
	MI	DETROIT	DETROIT CITY	2,500,000.00
		FLINT	BISHOP	476,114.00
	MN	HIBBING	CHISHOLM-HIBBING	28,350.00
	MS	GREENVILLE	GREENVILLE MUNICIPAL	49,293.00

FY	ST	CITY	LOCATION	AMOUNT
88	MS	GULFPORT-BILOXI	GULFPORT-BILOXI REGIONAL	2,028.21
		TUPELO	TUPELO MUNICIPAL - C D LEMONS FIELD	0.00
	MT	BOZEMAN	GALLATIN FIELD	0.67
		GREAT FALLS	GREAT FALLS INTERNATIONAL	0.99
		HELENA	HELENA REGIONAL	0.45
	NC	NEW BERN	CRAVEN COUNTY REGIONAL	506,201.00
		WILMINGTON	NEW HANOVER COUNTY	3,237,698.00
	ND	GRAND FORKS	GRAND FORKS INTERNATIONAL	777,600.00
	NH	MANCHESTER	MANCHESTER MUNICIPAL	223,694.55
	NV	ELKO	ELKO MUNICIPAL - J C HARRIS FIELD	30,221.00
		LAS VEGAS	NORTH LAS VEGAS AIR TERMINAL	2,969,157.00
	NY	BINGHAMTON	LINK FIELD-BROOME COUNTY	4,900,000.00
		ISLIP	LONG ISLAND - MAC ARTHUR	1,750,000.60
		UTICA	ONEIDA COUNTY	55,134.00
	PA	ALTOONA	ALTOONA-BLAIR COUNTY	90,000.00
		DU BOIS	DU BOIS-JEFFERSON COUNTY	30,712.00
		JOHNSTOWN	JOHNSTOWN-CAMBRIA COUNTY	45,000.00
		LANCASTER	LANCASTER	1,000,000.00
	SC	HILTON HEAD ISLAND	HILTON HEAD	999,900.00
	TX	LONGVIEW	GREGG COUNTY	78,500.00
		SAN ANGELO	MATHIS FIELD	0.84
		WACO	WACO REGIONAL	100,000.00
	VA	CHARLOTTESVILLE	CHARLOTTESVILLE - ALBERMARLE	380,000.42
	WA	BELLINGHAM	BELLINGHAM-INTERNATIONAL	36,325.05
		PULLMAN	PULLMAN-MOSCOW REGIONAL	750,000.00
	WI	APPLETON	OUTAGAMIE COUNTY	900,000.00
	WY	CASPER	NATRONA COUNTY INTERNATIONAL	554,667.00
		CHEYENNE	CHEYENNE	52,104.00
		JACKSON	JACKSON HOLE	395,536.00
		RIVERTON	RIVERTON REGIONAL	2,416.00
			FY TOTAL	38,859,001.52
87	AK	BETHEL	BETHEL	11,205.15
		KETCHIKAN	KETCHIKAN INTERNATIONAL	345,019.40
		KODIAK	KODIAK	25,152.67
	AR	FAYETTEVILLE	DRAKE FIELD	388,479.54
	CA	SANTA MARIA	SANTA MARIA PUBLIC	33,974.67
	CO	ASPEN	ASPEN-PITKIN COUNTY/SARDY FIELD	47,814.00
		DURANGO	DURANGO-LA PLATA COUNTY	682,352.78
	CT	BRIDGEPORT	IGOR I SIKORSKY MEMORIAL	131,400.00
	GA	MACON	MIDDLE GEORGIA REGIONAL	9,491.00
	IA	SIOUX CITY	SIOUX GATEWAY	0.00
	IL	CHAMPAIGN/URBANA	UNIVERSITY OF ILLINOIS-WILLARD	135,000.00
		DECATUR	DECATUR	3,486,663.00
	MA	HYANNIS	BARNSTABLE MUNI-BOARDMAN/POLANDO FIELD	298,655.17
		NEW BEDFORD	NEW BEDFORD MUNICIPAL	1,673.80

FY	ST	CITY	LOCATION	AMOUNT
87	MD	SALISBURY	SALISBURY WICOMICO COUNTY	268,110.50
	MI	DETROIT	DETROIT CITY	400,000.00
		FLINT	BISHOP	2,063,523.00
		MARQUETTE	MARQUETTE COUNTY	14,898.60
	MO	SPRINGFIELD	SPRINGFIELD REGIONAL	26,355.86
	MS	COLUMBUS	GOLDEN TRIANGLE REGIONAL	6,752.00
		GULFPORT-BILOXI	GULFPORT-BILOXI REGIONAL	23,260.00
	MT	HELENA	HELENA REGIONAL	151,404.00
		KALISPELL	GLACIER PARK INTERNATIONAL	30,327.19
		MISSOULA	MISSOULA INTERNATIONAL	897,521.00
	NC	JACKSONVILLE	ALBERT J ELLIS	0.00
		KINSTON	EASTERN RGNL JETPORT AT STALLINGS FIELD	1,418,093.00
		WILMINGTON	NEW HANOVER COUNTY	0.00
	ND	GRAND FORKS	GRAND FORKS INTERNATIONAL	0.00
	NY	BINGHAMTON	LINK FIELD-BROOME COUNTY	2,256,582.00
		ELMIRA	ELMIRA-CORNING REGIONAL	24,329.16
	OR	MEDFORD	MEDFORD-JACKSON COUNTY	971,500.80
	PA	LANCASTER	LANCASTER	637,560.00
		READING	READING REGIONAL/CARL A SPAATZ FIELD	59,903.34
	SC	MYRTLE BEACH	MYRTLE BEACH AIR FORCE BASE	13,269.00
	TN	BRISTOL	TRI-CITY REGIONAL	626,661.00
	TX	ABILENE	ABILENE REGIONAL	31,115.84
		BEAUMONT/PORT ARTHUR	JEFFERSON COUNTY	20,380.08
		COLLEGE STATION	EASTERWOOD FIELD	476,080.23
	VA	CHARLOTTESVILLE	CHARLOTTESVILLE - ALBERMARLE	275,959.00
		LYNCHBURG	LYNCHBURG MUNICIPAL PRESTON GLENN FIELD	874,887.00
	WI	APPLETON	OUTAGAMIE COUNTY	2,621,600.00
	WV	HUNTINGTON	TRI-STATE/WALKER-LONG FIELD	51,957.22
	WY	JACKSON	JACKSON HOLE	1,377,675.00
			FY TOTAL	21,216,586.00
86	AK	KOTZEBUE	RALPH WIEN MEMORIAL	88,629.00
	AR	FAYETTEVILLE	DRAKE FIELD	0.00
	CA	BAKERSFIELD	MEADOWS FIELD	1,202,722.00
		STOCKTON	STOCKTON METROPOLITAN	0.00
	CO	DURANGO	DURANGO-LA PLATA COUNTY	489,459.04
		STEAMBOAT SPRINGS	ROUTT COUNTY STOLPORT (BOB ADAMS FIELD)	0.40
	FL	PANAMA CITY	PANAMA CITY-BAY COUNTY	43,311.00
	GA	COLUMBUS	COLUMBUS METROPOLITAN	844,999.00
		MACON	MIDDLE GEORGIA REGIONAL	13,638.00
	IA	WATERLOO	WATERLOO MUNICIPAL	0.00
	ID	IDAHO FALLS	IDAHO FALLS MUNICIPAL	80,000.00
	KS	TOPEKA	FORBES FIELD	575,488.56
	LA	HOUMA	HOUMA-TERREBONNE	0.00
		LAKE CHARLES	LAKE CHARLES REGIONAL	539,690.50
	MA	HYANNIS	BARNSTABLE MUNI-BOARDMAN/POLANDO FIELD	872,055.59

FY	ST	CITY	LOCATION	AMOUNT
86	MA	NANTUCKET	NANTUCKET MEMORIAL	125,595.00
		NEW BEDFORD	NEW BEDFORD MUNICIPAL	50,013.70
	MI	MUSKEGON	MUSKEGON COUNTY	1,661.00
	MO	COLUMBIA	COLUMBIA REGIONAL	15,927.43
		SPRINGFIELD	SPRINGFIELD REGIONAL	20,794.08
	MT	BOZEMAN	GALLATIN FIELD	7,500.00
		HELENA	HELENA REGIONAL	68,030.59
		KALISPELL	GLACIER PARK INTERNATIONAL	45,000.00
		MISSOULA	MISSOULA INTERNATIONAL	0.00
	NC	KINSTON	EASTERN RGNL JETPORT AT STALLINGS FIELD	903,469.00
	NE	LINCOLN	LINCOLN MUNICIPAL	773,863.00
	NH	MANCHESTER	MANCHESTER MUNICIPAL	125,361.00
	NY	ISLIP	LONG ISLAND - MAC ARTHUR	9,324.80
	PA	LANCASTER	LANCASTER	308,443.00
		READING	READING REGIONAL/CARL A SPAATZ FIELD	42,300.00
		WILLIAMSPORT	WILLIAMSPORT-LYCOMING COUNTY	8,859.00
	SC	COLUMBIA	COLUMBIA METROPOLITAN	884,028.56
	SD	RAPID CITY	RAPID CITY REGIONAL	2,293,392.96
	TX	ABILENE	ABILENE REGIONAL	0.00
		BROWNSVILLE	BROWNSVILLE/SOUTH PADRE ISLAND INTL	282,500.39
		COLLEGE STATION	EASTERWOOD FIELD	798,606.00
		MCALLEN	MILLER INTERNATIONAL	0.00
	VA	LYNCHBURG	LYNCHBURG MUNICIPAL PRESTON GLENN FIELD	3,870.18
	WA	PASCO	TRI-CITIES	418,700.98
	WI	LA CROSSE	LA CROSSE MUNICIPAL	1,853.80
		MOSINEE	CENTRAL WISCONSIN	361,848.00
	WV	HUNTINGTON	TRI-STATE/WALKER-LONG FIELD	48,022.00
	WY	CASPER	NATRONA COUNTY INTERNATIONAL	10,000.00
			FY TOTAL	12,358,957.56
85	AK	KETCHIKAN	KETCHIKAN INTERNATIONAL	138,504.00
	AR	FAYETTEVILLE	DRAKE FIELD	130,942.31
		FORT SMITH	FORT SMITH MUNICIPAL	0.00
	AS	PAGO PAGO	PAGO PAGO INTERNATIONAL	112,398.00
	AZ	GRAND CANYON	GRAND CANYON NATIONAL PARK	3,932.00
	CA	BAKERSFIELD	MEADOWS FIELD	108,000.00
		SAN LUIS OBISPO	SAN LUIS OBISPO COUNTY-MCCHESNEY FIELD	383,750.00
		SOUTH LAKE TAHOE	LAKE TAHOE	774,392.61
	CO	DURANGO	DURANGO-LA PLATA COUNTY	207,371.00
	FL	PANAMA CITY	PANAMA CITY-BAY COUNTY	78,899.00
	GA	COLUMBUS	COLUMBUS METROPOLITAN	15,835.00
	IL	CHAMPAIGN/URBANA	UNIVERSITY OF ILLINOIS-WILLARD	24,435.00
	KS	TOPEKA	FORBES FIELD	297,240.62
	LA	HOUMA	HOUMA-TERREBONNE	110.28
		LAKE CHARLES	LAKE CHARLES REGIONAL	167,385.40
	MA	HYANNIS	BARNSTABLE MUNI-BOARDMAN/POLANDO FIELD	337,871.16

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FY	ST	CITY	LOCATION	AMOUNT
85	MA	NANTUCKET	NANTUCKET MEMORIAL	33,220.19
		NEW BEDFORD	NEW BEDFORD MUNICIPAL	78,948.02
	MI	FLINT	BISHOP	192,327.00
	MN	DULUTH	DULUTH INTERNATIONAL	1,000,000.00
	MO	COLUMBIA	COLUMBIA REGIONAL	614,382.77
		SPRINGFIELD	SPRINGFIELD REGIONAL	73,832.63
	MT	BOZEMAN	GALLATIN FIELD	72,710.00
		BUTTE	BERT MOONEY	142,979.44
		GREAT FALLS	GREAT FALLS INTERNATIONAL	0.00
		HELENA	HELENA REGIONAL	0.00
		KALISPELL	GLACIER PARK INTERNATIONAL	112,055.22
		MISSOULA	MISSOULA INTERNATIONAL	137,312.36
	NC	JACKSONVILLE	ALBERT J ELLIS	709,990.00
		KINSTON	EASTERN RGNL JETPORT AT STALLINGS FIELD	15,667.00
		WILMINGTON	NEW HANOVER COUNTY	980,114.00
	NE	GRAND ISLAND	CENTRAL NEBRASKA REGIONAL	25,106.09
	NJ	ATLANTIC CITY	ATLANTIC CITY	109,875.00
			ATLANTIC CITY MUNICIPAL/BADER FIELD	76,500.00
	NY	ELMIRA	ELMIRA-CORNING REGIONAL	55,794.56
		ISLIP	LONG ISLAND - MAC ARTHUR	19,391.95
	OR	MEDFORD	MEDFORD-JACKSON COUNTY	60,000.00
	PA	STATE COLLEGE	UNIVERSITY PARK	0.00
	SC	COLUMBIA	COLUMBIA METROPOLITAN	6,035.00
	SD	RAPID CITY	RAPID CITY REGIONAL	100,000.00
	TX	ABILENE	ABILENE REGIONAL	0.00
		BROWNSVILLE	BROWNSVILLE/SOUTH PADRE ISLAND INTL	36,000.00
		MCALLEN	MILLER INTERNATIONAL	182,369.57
	VA	CHARLOTTESVILLE	CHARLOTTESVILLE - ALBERMARLE	265,235.70
	WA	YAKIMA	YAKIMA AIR TERMINAL	44,775.03
	WI	APPLETON	OUTAGAMIE COUNTY	14,013.89
		LA CROSSE	LA CROSSE MUNICIPAL	12,920.96
		OSHKOSH	WITTMAN REGIONAL	9,402.94
	WV	PARKERSBURG	WOOD COUNTY/GILL ROBB WILSON FIELD	133,408.68
	WY	CASPER	NATRONA COUNTY INTERNATIONAL	500,000.00
		CHEYENNE	CHEYENNE	200,358.91
		JACKSON	JACKSON HOLE	0.93
			FY TOTAL	8,795,794.22
			GRAND TOTAL	129,249,905.15

Mr. **Laughlin**. I hope I am surprised. None of mine are still defined as relievers.

Going to another point, Mr. Secretary, I am also concerned about the rural passenger that gets on a commuter service. I am just using, in my area, Victoria, its commuter service, no scheduled airliners coming in, flies to one hub, gets shuffled to another hub and, as I can appreciate that, that is three boardings and three PFCs and then makes the return trip for another three, so in a trip from a rural area, you might pick up anywhere from six to eight, ten PFCs on a round trip, whereas, if you were in a populated center of Houston and went to New York, you would get on one time and get off in New York City or Los Angeles to New York City, a route like that. What is the format, what is the plan that assures that some of that money that goes into the system and looking at DFW in my State, I see figures that somewhere over 60 percent of the people really are just changing planes there.

Secretary **Skinner**. We proposed to be limiting it to two PFCs per trip in our legislation. The advisory committee recommended it not be capped. So we had a two-trip cap on ours.

Mr. **Laughlin**. I am interested in what the rationale is on two. Is that two round-trips, two one-way?

Secretary **Skinner**. Two one-way.

Mr. **Laughlin**. Two coming back?

Secretary **Skinner**. Two PFCs per trip, one-way trip, not round-trip trip.

If you said two per round-trip, then it would be one per leg. It is two per leg.

But two per leg, total leg. If you go from El Paso to Dallas to Houston to Washington to New York, you only pay two PFC's.

Mr. **Laughlin**. Why is that? Because you could—and I did this back in my other life when I was practicing law. I would schedule meetings at the airport, schedule my flights where I didn't get booked for being there too long.

You can travel all around the country without making it a round trip. Why is it just two? Why not just one?

Secretary **Skinner**. I think we thought that a lot of traffic is being generated through the hub airport—the non-stops are becoming fewer and fewer. Rather than going to more non-stops, you know, we are going to this hub concept. Where in the old days to get to heaven, you had to go through Atlanta. Now to get to heaven, you have to go through Atlanta, Nashville, Chicago and Minneapolis.

Mr. **Laughlin**. The last thing I would say, Mr. Secretary, is we hear tremendous complaints about the Aviation Trust Fund, the money not being used. I know you tried to address that. I am hopeful that if the PFCs come to bear and the Administration and the Congress is more serious about enacting these into law, that the use of these taxes will be so defined that it will be to the benefit of the travelling air passenger and not stored away for accounting purposes or used for taking care of people who are not paying that passenger charge.

That is a loud, vocal complaint that I hear daily. I have gotten where travelling I don't even say I am on this committee anymore.

Secretary **Skinner**. No comment.

Mr. **Laughlin**. That is fine. No comment.

Secretary **Skinner**. We talked while you were out about the fact, that this bill, under certain guidelines, allows certainly of spending more out of the trust fund in many respects. We don't expect people to keep it and hoard it.

Mr. **Laughlin**. Thank you, Mr. Secretary.

Mr. **Oberstar** [presiding]. I would observe prior to his returning from the vote, the Secretary expressed a willingness to discuss a set-aside of some larger amount for the small, non-hub airports. I think that responds to the gentleman's concern and many others on this committee.

The Chair recognizes the gentleman from California, Mr. Mineta. We have three more—four more Members.

Mr. **Mineta**. Thank you, Mr. Chairman.

I would like to follow up on a question asked by my colleague from California as we were coming back from that last vote.

Mr. Secretary, do I understand that Secretary Shane did make some phone calls?

Secretary **Skinner**. I understand he did, yes.

Mr. **Mineta**. Given the fact that Secretary Shane reviews and remands the decisions of senior career officials on overseas route cases, would that not be highly inappropriate for him?

Secretary **Skinner**. He is also the senior policy official. I asked every airline in this country—the CEO of every airline in this country—for their support of the PFC bill to enhance competition. I also review and remand route cases.

The point is there was no link, no discussion, no nothing. This is all an attempt to garner support for a proposal they asked me to present a year-and-a-half ago, which many of them indicated they are supportive of to me personally, but then we didn't get any formal confirmation of it.

So a number of people, in short order because of the short notice of the hearing, called to get in one day information so I could answer you about who is where. There is no linkage whatsoever.

Mr. **Mineta**. When we left for the vote, I had just asked you about the dual tracking system in terms of applications, PFC or the AIP. How would that be handled by a local airport?

Secretary **Skinner**. Well, the process we have proposed that has been in the discussion stages, is that only projects that would be consistent with and eligible for AIP grants would be eligible for PFC funding.

Mr. **Mineta**. That is one point of digression with the AAAE and the AOCI people. They want to go beyond what is AIP related?

Secretary **Skinner**. What I said is what we have is a difference of opinion. We have, number one, AAAE and AOCI want all kinds of flexibility. We have the airlines on the other side who want no PFC or very little flexibility.

It is going to be up to this committee and the Administration to rise above it and deal with the divergence on an appropriate basis.

Mr. **Mineta**. If we were to go ahead with this, what kinds of assurances would you be able to give us as to whether or not AIP is going to be around in two, three, four, five years?

Secretary **Skinner**. First of all, we are talking about, I hope, putting this in as part of the reauthorization process, which also reauthorizes AIPs.

So, therefore, if AIPs are going to be around, it will clearly be around for the length of the authorization. If, in fact, there is some alternative or substitution suggested for AIP, PFCs would be reauthorized at the same time that the subsequent program for AIPs would be reauthorized.

Mr. **Mineta**. We have a ticket tax right now that is supposed to be providing the funds for AIP. They are being held up in OMB's version of a Swiss bank account, not being spent.

What makes it, you know, three years from now someone will say, some bean-counter at OMB saying, oh, look at all those monies, those 70 large airports out there are generating with their PFCs. Let's just go ahead and they have given up on their AIP. Let's go ahead and eliminate the AIP and cut it way back.

It seems to me it makes pretty logical sense if you are going to say that all those AIP monies that are right now being utilized otherwise by the AIP, by the large airports, are not going to be used but let's just say to OMB, heck, let's get rid of it.

Secretary **Skinner**. First of all, as I said, they both are of equal length. Number two, you and I, I think, would agree that part of the problem on why we are not spending down the trust fund is because of this basic disagreement in the Congress about whether or not the trust fund should be used for operations, and if we don't spend at a certain level, we use general revenues instead of trust fund levels.

We are trying as part of the reauthorization process to get to a point where we are spending down the trust fund and move towards a point we could all agree on. It appears to me the one thing you have with PFCs is a certainty of collection and expenditure, under certain guidelines, because PFCs are not on the Federal budget and subject to call by the Federal Government in a variety of other areas.

There is no guarantee that when a savings and loan crisis comes up or when a nuclear waste problem comes up and we don't have sufficient revenues, all discretionary revenues of the Federal Government aren't going to be raided.

The one thing we do know is the Federal Government can't get at the PFCs because they are not in the Federal Treasury. So I would argue the other side of that. It gives the industry protection and insulation from the major crises. We have a program that the Administration has basically approved. We are talking about an authorization at certain levels that I think goes a long way to address these problems.

Mr. **Mineta**. You also are saying airports, you can have your PFCs, but I also get to say yes or no to the projects.

Secretary **Skinner**. Well, yes or no to the projects, that is, whether they fit within the priorities of the National Air Space System, to assure the integrity of the National Air Space System you and I know so well and want to protect, is protected.

They are not going to have unbridled freedom as they want, or I would hope they would not. Even though they are supporters of this legislation, and I am greatly appreciative of all the effort they have made to support this, to enhance capacity and eliminate congestion, I don't think we should give them unbridled decision-making freedom.

Mr. MINETA. I hate to be like a broken record. If that is the case, why can't we increase the passenger ticket tax from eight percent to ten percent and let it go at that?

Secretary SKINNER. Number one, it doesn't throw off as much money as the PFCs. Number two, as we know, a lot of members of this committee and others don't want to raise the ticket tax.

I think maybe, Congressman Mineta, you are on the other side. I recall you were one of those that said "no way will I raise the ticket tax."

Mr. MINETA. Absolutely. I said, Mr. President, read this Democrat's lips, no new taxes. This is correct.

But you put PFC on top of a ticket tax, that makes it a totally different ball game. You give me that choice. I will go with the National Uniform Collection System. That is very simple, and eligibility requirements that are well-known than to have this kind of approach where, frankly, I think we are really getting ourselves into some issues of public policy down the road that could come to harm us in the long run.

Secretary SKINNER. I think——

Mr. MINETA. Mr. Secretary, we have talked about these. I don't want to utilize the committee's time any further. You really are, I think, on the right track as it relates to transportation issues.

However, I think on this one, we just have to agree to disagree.

Secretary SKINNER. I understand that. I respect that.

I would only say this is a program that will work, this is a program that can effectively deal with the problems. This is a program that is available now.

We can do it in this committee and make steps forward and make our contribution, so that two years from now or four years from now when a new Congress and new Administration are in place, we can look back and say we did something rather than leaving a legacy for our successors which says, "well, it has now been instead of 16 years since we have built a new airport and enhanced capacity, it has been 20 years."

I don't want to be in that position. It is not a perfect world we live in. This is certainly a solid solution.

Mr. MINETA. Thank you, Mr. Secretary.

Mr. OBERSTAR. Mr. Lipinski.

Mr. LIPINSKI. It is a pleasure to have you here, Mr. Chairman—Mr. Chairman? That was the last job you had, as I recall. Mr. Secretary.

The reason there is probably no one here to oppose this legislation as far as witnesses go—although Congressman Mineta is doing a superior job—as far as witnesses go, is because the DeFazio-Lipinski bill is probably perfect. If it wasn't you would be over here testifying in behalf of the PFC.

I missed some of the questions. If any questions I ask you has already been answered by you, just tell me to read the record. Because of the votes I have been gone.

Let me ask you this question: If we did not pass the PFC legislation, how do we ever really fund the needs of the airport capacity in this nation?

Secretary SKINNER. Well, we try to raise the ticket tax from 8 percent to 14 or 16 percent. We then try to sell that to the Administration. Then we try to sell the Administration that we ought to take that five to six billion dollars and spend it on aviation only and limit it. The chances of that happening in this environment are remote to none.

Mr. LIPINSKI. What are you saying is that unless we pass the passenger facility charge, we really have no hope of dealing with airport capacity in the near or long range future?

Secretary SKINNER. What solutions we come up with will be Bandaid rather than tourniquet type.

Mr. LIPINSKI. You mention a 16 percent airline tax?

Secretary SKINNER. No. I am saying if you take the estimates, that we need 8 to 10 billion dollars and you assume each percent of the ticket tax throws off about $800 million, or something like that, you need somewhere around that to throw off the revenues we need. But it gets very complicated.

It would have to be raised substantially more than it is now. I haven't done the numbers, whether it is 16 percent or 14 percent.

The more important thing is we would have to raise the AIP program and get everybody to approve raising the AIP program by billions of dollars.

Mr. LIPINSKI. Do you know if you went to 14 percent or 16 percent, would that raise as much money as PFCs?

Secretary SKINNER. Oh, it would raise more money than PFCs.

It is about $800 million per percent, as I recall. Maybe a little more than that.

I am sorry. It is 800 per two percent. That is right. It is about $400 million per percent.

Mr. LIPINSKI. Do you or the gentleman sitting next to you over there——

Secretary SKINNER. Mr. Moffet.

Mr. LIPINSKI. Mr. Moffet?

Secretary SKINNER. He is the Associate Administrator for Policy.

Mr. LIPINSKI. Does he know whether it would be 14 or 16 percent? Does anybody know? I would like to pin it down.

Mr. OBERSTAR. If the gentleman will yield. The current ticket tax at 8 percent yields $3.8 billion. If you double that, you are going up to $7.6 billion.

But there would be some fall-off, because you would have some ticket loss, people who at that higher price might not choose to travel. OMB has a computer run, so does FAA, on all those figures.

That is generally the figures that would result from a doubling of the ticket tax.

Mr. LIPINSKI. Thank you, Mr. Chairman.

Mr. Secretary, Congressman Mineta has very strong feelings on this. He certainly has a great deal of experience in this area having chaired this committee for many years.

He continually talks about the potential balkanization of our air service in this country. He is a strong supporter of a national air service.

Have you been able to answer for him, to his satisfaction, how this would not vulcanize air service in this country?

Secretary **Skinner**. Number one, I tried to answer that.

Number two, I probably have not satisfied him.

Number three, I probably will never be able to.

But I still hope that some day I can.

I think we, just as he said before you walked in, Congressman, I think we have agreed to disagree. He and I agree on most issues.

I don't think this will divide the system. I think this is a solution that is available now that we have to take advantage of and while it may not be the perfect solution, I think we can design a bill that will solve most of the concerns that he has, and I encourage him to work with the Chairman in drafting a bill that will allow us to do that.

Then he can vote for it.

He didn't hear me.

Mr. **Oberstar**. He is not listening.

Secretary **Skinner**. He is working on the committee staff.

Mr. **Lipinski**. He doesn't want to hear you.

Earlier we talked about PFCs and that we would have two per trip. There was testimony earlier saying that the two per trip was decided, one, because that would pick up probably 85 to 90 percent of the air travelers and that the adding the third one probably in the long run would cost us money.

Secretary **Skinner**. I appreciate this. I think the average would be about 1.4 per trip.

So when you take all the trips and put them together, I think the average is 1.4.

Every passenger wouldn't pay two. Every passenger wouldn't pay one. I think our estimates are it would be about 1.4 on average.

Mr. **Lipinski**. In conclusion, I simply would like to say I mentioned earlier the great work Congressman DeFazio and the staff have done on this and also the great cooperation we received from the Chairman of our committee.

But I want to particularly compliment your assistant over there, Mr. Galen Reser, for the outstanding cooperation we have received from him. I kept calling for the Secretary of Transportation for his input on this matter.

He was busy solving the problems of the world all over the United States, but I happen to be able to speak to Mr. Reser on a regular basis. His input has been outstanding.

I thank you for having hired a gentleman of such high capabilities.

Thank you.

Mr. **Oberstar**. Pay increase to follow. The gentleman from Tennessee, Mr. Clement.

Mr. **Clement**. Secretary Skinner, following up on Congressman Mineta's questions, knowing that the administration has proposed to increase the ticket tax from 8 to 10 percent, increases taxes on aviation fuels and allow local airports to charge PFC, is your strategy, not knowing which would be approved and which not, to pursue it in that direction?

What about if all were approved?

Secretary SKINNER. They are not mutually exclusive. They are mutually inclusive.

We would hope that when it is all over that the ticket tax would be increased from 8 to 10 percent. That would create a bigger trust fund from which we can spend down under the new reauthorization process.

At the same time, we would also through PFC's generate substantially more revenue and even with all of that, it doesn't solve the problem. But I am here to talk about PFC's, not the ticket tax.

The ticket tax is primarily over in another committee, which I passed on the way in here, and I would hope this committee would listen carefully to what the administration is saying over there. But I would hope they would listen more carefully to what I am saying here.

Mr. CLEMENT. Well, I know in your opening statement you mentioned about the PFC's being pro consumer. Do you consider those other two being pro consumer as well?

Secretary SKINNER. If we enhance capacity and if we allow localities to build new airports and eliminate congestion and more importantly break the strangle hold on some of these airports that one operator has, we are going to make pro consumer progress. So the answer is, yes.

I can't make pro-consumer progress without enhancing capacity.

Mr. CLEMENT. Should the airlines or other airport users have any role in deciding whether a PFC should be imposed or how the proceeds should be spent?

Secretary SKINNER. We have talked about some consulting role. They clearly shouldn't have a veto role. They are not public policymakers. They are business men making a profit. If you have a widget that nobody else has and you can sell the widget and everybody has to buy your widget, you can charge whatever you want for that widget.

We have got to get in a position that there is at least two if not three people all over this country that are selling widgets of comparable quality and availability. And right now we don't have that.

Mr. CLEMENT. Thank you.

Mr. MINETA. Will my colleague yield?

Secretary SKINNER. Are you sure you don't have a vote?

Mr. MINETA. Did I hear bells?

Mr. CLEMENT. Sure, I yield.

Mr. MINETA. I wonder if you haven't brought up a good point. If there is an increase in the ticket tax to take care of O&M needs of FAA, and then you impose a PFC order to make the capital improvement and shift it to local and state government, to me that is the shift and the shaft.

Secretary SKINNER. No.

Mr. MINETA. Increasing the ticket tax to take care of O&M and then say, Okay, airport, you can impose PFC on your own for your capital improvements. You don't get any AIP monies from us.

Mr. Secretary, is there a two approach there?

Secretary SKINNER. No, I think what this is, is a dual approach to solving the capacity problems of this country, and we can't wait any longer, Congressman. I can't wait for the perfect solution and I don't think the American people want us to wait for the perfect solution.

You and I could sit in high office and comment on the perfect solution. It is not politically doable in my opinion in time to meet the crying needs. And we have got to move now.

Mr. **Mineta**. Thank you.

Mr. **Oberstar**. The Chair recognizes the gentleman from Georgia, Mr. Lewis.

Mr. **Lewis**. Thank you very much, Mr. Chairman. Good to see you, Mr. Secretary.

Secretary **Skinner**. Thank you, Congressman.

Mr. **Lewis**. Mr. Secretary, I just want to know, are you calling this proposal a tax or is it a user fee? What are you calling it?

Secretary **Skinner**. Passenger facility charge, a user fee.

It goes on the ticket——

Mr. **Lewis**. It is not a tax?

Secretary **Skinner**. It is a fee.

Mr. **Lewis**. It is a fee.

Secretary **Skinner**. But if you want me to call it a tax in order to get unanimous support of this committee, I will call it a tax. If you guarantee that, I will guarantee what I call it. A local tax imposed by local authorities. Optional at each authority.

Mr. **Lewis**. Mr. Secretary, do you have a timetable for spending down the aviation trust fund?

Secretary **Skinner**. Well, we have been working with the committee on the reauthorization legislation and we are hopeful that we will begin to spend it down with the new reauthorization process. We have talked to the Office of Management and Budget and they are talking about increasing spending levels not only to the 78 percent increase we have talked about for capital improvement, but we are now also talking about raising it and spending it down in a five-year bill from 6.7 billion to 3 billion.

If the bill is shorter, we will be able to spend it down. We will be able to spend it down at that same rate, but it won't get down to that level.

Mr. **Lewis**. Mr. Secretary, so you are talking about it, I want to know if you——

Secretary **Skinner**. I think the——

Mr. **Lewis**. Are there any dates, in 1991, 1992?

Secretary **Skinner**. We have 1991 and 1992 targets that we are shooting for. I have submitted to the committee targets for three, four and five, but they are mere targets because the authorization period we are talking about so far is only two years in length. Congressman Oberstar, you correct me——

Mr. **Oberstar**. If the gentleman will yield, in the bill the subcommittee reported out last week, it was on a five-year projected basis and that is the basis of the bill when we reported the two-year authorization, and it would leave a balance in 1993 of 1.1 billion, an amount that most observers say is a reasonable amount to keep in a reserve in the trust fund.

Mr. **Lewis**. Thank you, Mr. Chairman.

Mr. Secretary, my last question, I just want to know, following up on the questions by my colleagues from the great State of California, the two members from California, whether Mr. Quinn or

Elizabeth Monro made calls or made a call to the officials at Delta Airlines that happened to be based in Georgia in the City of Atlanta?

Secretary SKINNER. I don't know who called what airline, but I would imagine every airline in the United States was called, along with other major organizations, to gather support for this. I personally have spoken to Ron Allen about this on numerous occasions when he has been in my office and I frankly am confused to this day where Mr. Allen stands, because Mr. Allen told me in his office that he was very understanding of what we were doing and would try to be supportive.

So when Mr. Allen made that statement, I asked them to find out. Now maybe they tell me one thing and tell somebody else something else, but every airline head that has been in my office has been asked to support this. I appeared before the ATA Board asking for their support. They have been meeting on numerous occasions and I understand as late as Thursday, the ATA board is going to meet again on this. So we don't know but——

Mr. LEWIS. Did you get a report back from Mr. Quinn or from Ms. Monro, the nature of the conversation of what——

Secretary SKINNER. I don't know where Delta, at this point, stands. We have received reports back from a number of airlines, some we have not heard back from. I have been calling mayors, also. I am delighted to report that the mayor of Los Angeles and the mayor of Chicago are both supportive of this proposal.

I have been asking support from the mayors and the Conference of Mayors may address this issue in the next couple days as well. I hope to have their support as well.

Mr. LEWIS. Thank you, Mr. Chairman.

Mr. OBERSTAR. Mr. Secretary, we are about ready to conclude your portion of this testimony. I know you have other comments. I would like to——

Secretary SKINNER. I have a couple of governors waiting. That is all.

Mr. OBERSTAR. That is all right. They don't contribute to this program at all. If you get money from them we will be happy to throw it into this bill.

Secretary SKINNER. I am going to ask them for their support, I might add.

Mr. OBERSTAR. That is good. Frankly, it was the cities who were the first financers of airports in the 1940's. There were only seven states that contributed any amount, and it was minimal, to airport development. It was really the initiative of cities, smaller cities particularly, that brought about the National Airport Program.

In that regard, I am sure you recall a program known as revenue sharing for states, for counties, for cities and townships, and the first time we had a real crunch on the deficit we looked around for places to cut the budget and revenue sharing for states went quickly.

That was a quick 4 billion item that reduced the deficit—excuse me, two billion. Then two years later we took another look and said, well we need to take another whack at this budget deficit and there went the 4 billion for cities, counties and townships.

The reason it went so fast practically without a whimper was that Members of Congress got tired of going back home and hearing from their mayors something like the following, "Well, Mr. Congressman, the City Council voted a new plow with our revenue sharing money and we just expanded City Hall with our revenue sharing money. Now what are you going to do with us from the Federal Government? Can you get us some federal money to match with our revenue sharing dollars?"

Over and over again Members of Congress say, "Wait a minute. Who do you suppose voted for the tax to generate that revenue sharing? Who do you suppose voted to authorize that revenue sharing money? And you know, the hidden problem in the PFC is we might come back a few years from now to the local airport and we will hear them saying, "We done pretty good with PFC. What you going to do for us, Congressman, out of the aviation trust fund?"

I just raise it. I would be remiss if I didn't. It is not a problem you created, Mr. Secretary. I just raise this problem because I want people to keep that in mind, that this is a supplemental program that is going to be authorized, if authorized, and with tight control by the Congress.

There is going to be authority for the Secretary to have a strong federal role and presence in the review of any projects that may be funded by PFC's and folks are not going to get the idea that this is some spare cash that, as I said earlier, that the passing traveler is not some cash-cow to be milked on the way through. I think your previous responses have indicated your great sensitivity to that concern.

Secondly, considerations that would go into a PFC would be that there be some cap on the PFC dollar amount, that there be a cap on the frequency of payment on a particular trip, that projects funded by a PFC bear some relationship to the NAS plan and NIPIUS Program with a sign-off by the Secretary of the Department of Transportation, that they be related to safety and capacity; that they be limited to the air side, and that there be a review of the fiscal soundness of the project.

Secretary SKINNER. Those sound like a lot of good principles to me.

Mr. OBERSTAR. If we proceed in that direction, those are at least the basic principles that this Chairman would support.

Secretary SKINNER. All the Members of the Committee could support a program like that. Just one final comment, Congressman Lewis.

At the National Conference of Mayors, the Transportation Committee yesterday, U.S. Conference of Mayors, approved a PFC in principle and Mayor Maynard Jackson of Atlanta was one of those who supported that. So we do have substantial support from your area.

Mr. LEWIS. But I would add that the Mayor of Atlanta has not been in contact with this Member who represents the City of Atlanta.

Secretary SKINNER. I am sure he is speaking words of wisdom. Thank you very much.

Mr. LEWIS. Thank you.

Mr. OBERSTAR. Mr. Secretary, Mr. Clinger has some questions.

Mr. **Clinger**. Just a brief comment.

Secretary **Skinner**. I am sorry, I apologize.

Mr. **Clinger**. I want to commend you as Secretary of Transportation. I was pleased to see you participating in one of the oldest forms of transportation. That is on foot, in the race for the cure. I see you got a little sun burn.

Secretary **Skinner**. Yes, and we will do it again next year. This committee having responsibility over not only aviation, but public works, you should be proud of the race this weekend where, of over 7,000 runners, over a thousand were from the Department of Transportation.

They all were there. If you saw those little hats in pink and green, those were all Department of Transportation people who volunteered to spend a morning walking for a cure for cancer. We are very proud of them. Thank you.

Mr. **Oberstar**. Thank you very much for spending a very long time with us.

Secretary **Skinner**. I am also very proud of my wife, Honey, who was here a minute ago, who was here helped to organize the race. I am proud of her, too.

Mr. **Oberstar**. Fine. Any time anyone makes a contribution to solving the problem of cancer, I am supportive of it.

We had asked earlier for the airport operators panel to stay on call, but I think that given the constraints of time we will proceed to the next panel. We will not call it AOCI or triple AE to the table. I think we have about exhausted the questions, their patience and the patience of the committee on that subject.

[Secretary Skinner's statement appears on page 242.]

Mr. **Oberstar**. Let us proceed next to Jaye Franke, Commissioner, Department of Aviation, City of Chicago, accompanied by Robert Repel, Assistant to the Mayor, City of Chicago; William Moore, President, Nashville Metropolitan, Airport Authority.

I might say we are not as late as the last session we had in Calumet City when the hearing went on to 11:30 at night. We hope to get you out before day light concludes today.

Mr. Franke, would you please proceed?

TESTIMONY OF JAY FRANKE, COMMISSIONER, DEPARTMENT OF AVIATION, CITY OF CHICAGO, ACCOMPANIED BY ROBERT REPEL, ASSISTANT TO THE MAYOR, CITY OF CHICAGO AND WILLIAM MOORE, PRESIDENT, METROPOLITAN NASHVILLE AIRPORT AUTHORITY

Mr. **Franke**. Thank you, Mr. Chairman.

I am Jay Franke. I am the Commissioner of Aviation of the City of Chicago and I am here representing the City of Chicago, its Mayor, Richard M. Daley and the hopes and aspirations of Chicago Aviation.

I am accompanied by Bob Repel from the Mayor's office who will talk about the specific needs that we have in Chicago. We thank the committee for holding this hearing, first of all, and we specifically thank Representative Lipinski and Mr. DeFazio for introducing legislation that has caused us to be here.

Chicago certainly supports the PFC concept. We have submitted written testimony to this effect, which I will not repeat this in any detail.

I have the job of presiding over O'Hare International Airport, which is probably the textbook case of airport delay in the country. The issue before us is how to reduce that delay and how to raise the capital necessary to reduce the delay costs that are imposed upon the system.

Those delay costs are enormous. Traditionally airline capital has been raised or airport capital has been raised through airlines. As a result of the consolidation of the airline industry and concentration of airline hubbing patterns we have called into question the feasibility of traditional financing practices.

There has been some testimony here today about the hubbing practices of the airlines. Even at O'Hare the largest airport in the world, over 80 percent of our traffic, 80 percent of our gates are controlled by just two airlines, United and American.

They are controlled by United and American until the year 2018 when our current bond indentures expire. It is inevitable that competitive factors among the airlines will include capital decisions that they make. It is actually unfair to expect the airlines to finance capacity improvements or delay improvements that would benefit their competitors, particularly construction of new airports.

The traditional financing system has been called into question and we have to consider whether we can continue to look to the airlines or whether we have to look to the basic core of the industry and that is the passengers, and this is a user financed industry. The proposed form of passenger facility charge is virtually a pure user fee.

The AIP Program was supposed to be a kind of user fee. We have reviewed this morning the difficulties of spending the trust fund and I don't propose to go into that. From a major hub perspective, of Chicago, the AIP Program is largely a distraction. We receive in Chicago perhaps $30 million a year in AIP funds both entitlement and discretionary.

In contrast with that 30 million, we have spent at O'Hare during the past eight years over $2 billion. That is billion with a B, dollars on land site and air site improvements. We will inevitably have to spend additional billions of dollars, and that is with a B, on further improvements to deal with the delay problems we now have.

In addition, at Midway Airport although it is much smaller, we will be spending hundreds of millions of dollars to keep the airport operating and operating at its maximum capacity.

These costs are small compared with the overall delay cost to the system that presently exists as a result of the airport congestion we experience.

The volume of dollars is extremely large when compared with the availability of AIP funds. AIP Program is not an answer. The PFC, however, will not replace the AIP Program; nor will it replace national bond financing mechanisms. It will give us a way of leveling the playing field slightly so that airports and airlines compete on a more equal level when it comes to determining what capacity enhancement, what delay reduction, what kind of capital programs are actually implemented.

A passenger facility charge will improve competition or at least it will give us a running start at improving competition, benefiting the entire traveling public and indeed the public as a whole.

Characteristics of PFC, some of which have been discussed today, are not as important as the concept itself. We have detailed in our testimony some of the important characteristics we think a PFC should have. It is overall in principle more important that it remain as purely as possible a user fee and in this connection it is vital that the PFC apply to connecting traffic, traffic which travels through our airports, but does not stop there, traffic which imposes many of the delay costs on the system, traffic which causes those delay costs and should bear the cost of part of the solution.

The most important delay cost reduction that we in Chicago are proposing to undertake is the construction of an entirely new airport. Bob Repel, this afternoon, will comment on the impact of a PFC and the importance of a PFC to our desire to construct a new airport.

Mr. **Oberstar**. Before Mr. Repel begins, would you be clearer about the period over which that $30 million was received and the period over which the $2 billion was spent?

Mr. **Franke**. We receive approximately $30 million a year, depending on the amount of discretionary funds received every year, of course. The $2 billion has been spent since about——

Mr. **Oberstar**. Two airports?

Mr. **Franke**. For both airports, systemwide, right. The $2 billion has been spent at O'Hare since about 1983. And we are moving into another capital expenditure cycle which will involve another hundred of millions, perhaps billions of dollars.

Mr. **Oberstar**. Roughly $180 million out of trust funds versus $2 billion from non-Federal sources?

Mr. **Franke**. I believe it is probably less than 180 million that we have received in the last six years. The 30 million is probably on the high side. We have been more successful. The best way to express it is perhaps about 1 percent of the entire O'Hare development program has been paid for by AIP funds.

Mr. **Oberstar**. All right.

Mr. Repel.

Mr. **Repel**. Thank you, Mr. Chairman, Members of the committee. I am Bob Repel and I am an assistant to Mayor Daley of the City of Chicago.

I am here to speak to you this afternoon about the importance of a passenger facility charge to assure the development of a cost-effective new airport for the Chicago metropolitan region. Without such a charge, the cost of building a new facility, a major airport that is needed for the Northwestern Indiana/Northern Illinois region would be very difficult to achieve.

As you know, the Lake Calumet Airport feasibility study has assumed a passenger facility charge would be enacted by the Congress. We made assumptions that as a result of imposing a $2.25 PFC on Midway and O'Hare Airports, that we would be able to generate approximately 40 percent or $2 billion of the $5 billion needed to construct the Lake Calumet Metropolitan Airport.

I think that is important to note because without funds that would be raised by the PFC, the cost of building that new airport, which is needed and necessary because of the air capacity problems, the delay and safety problems you have heard testified about all morning, would be very difficult to do.

Mr. Chairman, as you mentioned the other evening, you understand the relationships of things, you pointed out when you heard testimony from the people from the Lake Calumet region about the relationship of the Minnesota mines to the Gary steel industry, and I think I would like to talk about this airport in another way, and that is its relationship to the economic development not only of the City of Chicago, but to cities throughout the United States.

The Lake Calumet Metropolitan Airport would be the catalyst that would generate 200,000 permanent jobs for the Northeastern Indiana/Northern Illinois region. It would generate thousands of construction jobs during the period of building that airport. It would generate $14 billion of annual economic benefit to that region. Those jobs are important. Those jobs are important to other parts of the country.

This weekend, in fact, yesterday, at the United States Conference of Mayors, Congressman Rostenkowski told the membership that there is no peace dividend forthcoming from the Congress. What we are asking you to do is to enable us to make an investment, to make an investment in our region and in the other regions of the United States because we realize relationships as do you.

We realize that airports are good things. We realize that the economic development that is generated by them are important. It is important because of the opportunities it would create for the City of Chicago in the sense of jobs and economic development. But it also would help us with cleaning up a mass environmental problem, and creating that environmental benefit in your region.

The PFC is the catalyst that will help us go forward with this. It will help other municipalities in other states. It will solve all the problems that you discussed this morning and this afternoon.

I would like to thank you for the opportunity of being able to address you this afternoon, and we are here to answer any questions you may have with respect to our written statement.

Mr. **Oberstar**. Thank you very much, Mr. Repel.

It must be a pleasure to say more than five words without being interrupted by either applause or boos. We have a very, very respectful audience here in Washington, they are trained.

Mr. **Repel**. Under your stewardship, I didn't expect anything else, Mr. Chairman.

Mr. **Oberstar**. What I needed the other night was a gavel about the size of the one I have here; or maybe a sledge hammer and a piece of steel.

General Moore.

General **William Moore**. I am William G. Moore, Jr., Mr. Chairman. I am president of the Metropolitan Nashville Airport Authority. I appreciate this opportunity to appear before this committee. We are a fairly small airport at Nashville, an emerging hub, with requirements for facility improvements that are coming very rapidly in order for us to keep pace with the activities, the expanding activities that are going on there now.

I am in favor of the passenger facility charge. I carefully reviewed Mr. Lipinski's and Mr. DeFazio's bill, H.R. 5056, to amend the Federal Aviation Act of 1958 to authorize passenger facility charges, and in our view, this bill is an excellent response to the urgent need for funds for airport capacity improvement.

Metropolitan Nashville Airport Authority urges speedy passage of this bill.

I would like to express the appreciation of all of us in middle Tennessee for the work of this subcommittee. You have served every citizen who depends upon safe, efficient air transportation.

The middle Tennessee community is deeply appreciative of the direct benefits that it has received from the letter of intent and noise reimbursement legislation which this committee produced. That response provided our airport authority with flexibility to respond to our community needs, for facilities and noise mitigation. And the programs you authorized are now being implemented by our airport authority in middle Tennessee.

We are a region of growing importance in the nation's system of air transportation. Our markets serve in excess of 2 million people in Tennessee, Alabama, and Kentucky. Our region is centralized, located within just 500 miles of approximately 50 percent of the nation's population.

The American Airlines and American Eagle hub at Nashville are dramatically increasing the level of hub operations. By the end of 1991, the American hub operations will have doubled.

The airfield of Nashville International Airport handled 266,000 operations by air carriers, commuters, general aviation and military aircraft in 1989. Due to increases in operations by the hub carrier, total operations at Nashville International are projected to reach 347,000 operations in 1991.

The vast majority of air carrier operations must be accommodated in the six critical peak periods of the day. Today's airfield configuration will be grossly overtaxed by the end of 1991 without significant improvements. Growth will continue with over 390,000 annual operations by 1995 and over 450,000 operations by the year 2000.

We estimate that our community will require $182 million for expansion during the coming five years and $330 million during the coming 10 years in order to meet forecast demands.

The hub expansion now under way at Nashville will require a $65 million commitment this year and next year in runway extensions, taxiways, simply to keep pace with capacity demand.

The need for increased funding is also reflected in other areas of Tennessee. Our state's airports need $435 million in capital improvement and expansion projects over the next five years for noise mitigation, runway and airfield expansion, and safety and security projects.

I might point out, Mr. Chairman, that we have all of the attributes and some of the problems of almost any airport in any community our size. We do have noise problems around our airport and we are working diligently to correct them. As a matter of fact, we have committed some $30 million this year for noise mitigation in support of our part 150 plan, but I would like to say that the biggest problem we have today is lack of funds.

The people around our airport are not stopping its growth. Some of them are unhappy with it and we are coping as best we can with that kind of problem, but we need money and we need it as soon as we can get it.

We see the passenger facility charge as probably the best opportunity available to our airport and others to meet this need for funds for capacity improvement. I think that the alternative is an airport operating in excellent fashion today with the help we have received from the FAA and this committee becoming one of what you call the congested airports in the very near future. We don't want to see that happen.

Mr. Chairman, we have a good operation there and we need your support to keep it going, and we would urge you to support the passage of the passenger facility charge.

Thank you, sir.

Mr. **Oberstar**. Thank you very much for your presentation and for your thoughtful observations about the needs of airports. I certainly concur, the need is there. It has been demonstrated many times.

Mr. Franke and Mr. Repel, should PFC be limited to the life of the project for which it is intended?

Mr. **Repel**. I don't believe that it should. A PFC is to supplement the AIP program. There are going to be future needs; for example, we are going to be doing a new master plan for O'Hare International field. You have heard Jay speak about the $2 billion program we are just completing. We are doing master planning for Midway Airport. There will be constantly new capital needs for airports throughout the conceivable future.

Mr. **Oberstar**. In the case of a new airport, would the PFC levied at O'Hare and Midway be dedicated to construction requirements of a new airport?

Mr. **Repel**. We feel one of the essential characteristics of any legislation is that any PFC raised at an airport or airports under one authority be permitted to be used for the construction of another airport, or PFCs, if we didn't have a third airport issued in O'Hare, should be able to be used at Midway.

The point is that when you have that kind of an ability, you are going to be able to address needs as they arise.

Mr. **Oberstar**. Without that ability, I don't know how you would build the third airport unless you convinced some people in the bond market to bet on the company that would be able to build the airport and rebuild them out of future passenger facilities charges levied at that airport.

Mr. **Repel**. We would be committing PFCs raised at O'Hare and Midway with regard to the sale of bonds and the retirement of bonds. What I would point out, though, is that that money would not necessarily be all used for that.

Mr. **Oberstar**. No, I appreciate that.

Mr. **Franke**. I might add, we would also anticipate the possibility of using PFC revenues at Meigs Field, our lakefront or other reliever airports for purposes of establishing just the delay reduction relief we need.

Mr. **Repel**. Mr. Chairman, my point was, I was simply trying to address the question. I understand your question, should the PFC be limited to a particular project and for the life of that project.

Mr. **Oberstar**. Yes, I was specifically asking, for example, not on O'Hare, but Dallas-Fort Worth is planning and anticipating, very much need another runway, a runway that would be a very big cost, as much as the total original cost of building that airport in the first place.

If the PFC were to be levied by that airport, should it be dedicated just to that project, and for the life of that project?

Mr. **Repel**. The PFC as a method of supplemental financing of airport capital cost, I think, you should be left to the discretion of the local authority that has chosen to impose it.

Mr. **Oberstar**. Your advocacy would be for a PFC without strings attached, without limitations?

Mr. **Repel**. We certainly would be able to live with the kinds of limitations that have been proposed in the legislation submitted by Congressman Lipinski and Congressman DeFazio. We support for the most part everything contained in that bill.

I guess my point is, although one would probably earmark their PFC for such large capital projects, they might not dedicate all revenues from their PFC for that project because they would have other capital needs to use it for.

Mr. **Oberstar**. Now, as I understand your testimony both as it was delivered and in your written document submitted to the committee, your advocacy is for a PFC that would provide that neither the airlines nor the Department of Transportation would have disapproval authority over projects funded by a PFC so long as the projects are eligible for funding as provided in that law.

Mr. **Franke**. Correct. I was a part of the Capacity Funding Advisory Task Force convened by Secretary Skinner and I participated in all those deliberations, and I subscribe fully to the report of that committee of which I was a part. The committee must understand here that that report was a compromise and that the positions taken there don't reflect necessarily the individual views of any of the members.

We agreed as part of that committee that the Secretary should have the discretion to deny projects that were outside the scope of the projects described there, basically AIP eligible projects, plus a couple other categories. We agreed that project funds ought to be identified to a particular project or program. We agreed to all of those limitations which will fetter the discretion of the airport substantially. We could live with that kind of program.

Mr. **Oberstar**. You are willing to accept some authority for the Secretary that would serve as a check on authority of airports to decide how they will tax passengers and what they will use the tax for?

Mr. **Franke**. Exactly. We do not want to see the Secretary or the Federal Government have the kind of control they have under the AIP program where we are told much more specifically what we have to do and where we have to do it, and when and how.

Mr. **Oberstar**. Is it your position that off-airport roads and transit systems that are to some degree—I won't characterize it—used for transportation to and from the airport should be eligible for PFC funding?

Mr. **Franke**. This was one of the most contentious issues in the Capacity Funding Task Force. We went back and forth on this. I frankly don't remember what the nuances were in the final report.

We think and I believe most of the airlines would agree that a bona fide dedicated airport transit system ought to be eligible for funding through this mechanism because it is a delay reduction measure, it is a capacity enhancement measure.

The problem, of course, is segregating bona fide airport transit systems from some general public transit system. I don't pretend to have the formulaic answer to that. I think Congress is perfectly capable of coming up with criteria that will enable that distinction to be made.

Mr. **Oberstar**. Should there be a distance from the airport for which a road would be funded, say 10 miles?

Mr. **Franke**. That is one criteria you could develop. I am sure there are others.

In Chicago, we don't have a particular plan to use these funds for off-airport improvement, and we have not examined in great detail what—I can't speak to it from a matter of practical experience. Bob may have better insight than I.

Mr. **Oberstar**. Mr. Repel.

Mr. **Repel**. Mr. Chairman, with regard to the Lake Calumet concept, we would like to be able to use these funds to develop a rail center, a rail center that would bring a commuter rail as well as an extension of our mass transit system to a center where through people movers or even perhaps a further extension right into the terminal as we do at the O'Hare field today, we would be able to move people to the airport. But it would be something that would have to be substantially related to access to the airport.

We would think that another appropriate use of this might be an interchange as a primary access route to the airport on both sides, both on the Indiana and Illinois sides, for the new airport facility.

Mr. **Oberstar**. Thank you.

Mr. Clinger.

Mr. **Clinger**. Thank you, Mr. Chairman.

I think that is a very thorny problem, that whole question of how you differentiate what should be provided on increasing access and so forth. I recognize that is an increasing problem. Just getting to and from airports is a very, very critical problem in the capacity question.

On the other hand, we just went through very long negotiations with regard to what they would be able to do with duty-free funds, and it is a quagmire when you start trying to define what is really enhancing access, what should not be considered, and so on. That is a very serious problem we would have I think in trying to draw those lines.

Mr. **Repel**. If I may, Mr. Congressman, but it is so much a related problem. When we talk about the numbers and more than doubling the capacity of our airports, the need to double the capacity by the year 2010, those people are going to need a way to access those airports because they are going to be coming and we are going to have to address that problem, as you well recognize.

Mr. **Clinger**. This may be something we should be addressing as well through the reauthorization of the highway bill which is coming along here and not expect that the aviation trust fund will somehow, or PFC will necessarily solve that problem. It may well have to be a cooperative, unified effort.

What about the charge that, the concern that a lot of us have and that is that by authorizing PFCs, they will take the pressure off our Appropriations Committee and/or OMB and the administration to reduce funding under the present program and perhaps down the line if, for example, O'Hare in Chicago and other large cities become less dependent upon the AIP funding, their support for that would diminish and then we would have the situation where the smaller airports are competing for an ever smaller funding source.

As you can tell, I represent a rural district where we have concerns about what this proposal means for our constituents.

Mr. **Franke**. The problem is the AIP program is already virtually irrelevant to an airport of the size and scale of O'Hare. As I mentioned before, about 1 percent of our recent capital expenditures were AIP funded. I don't want to say we don't care about it, but it has become a great distraction to focus the attention of the Congress and the public on the possibility of releasing the $7 billion in the AIP fund. To us that really doesn't solve our problem and it doesn't solve the problem of the other major hub airports.

We have never gotten much in the way of discretionary funds. As the Secretary of Transportation mentioned earlier, the bulk of the discretionary funds actually go to the small airports. On a per capita basis, O'Hare gets a negligible amount of discretionary funding. We rank right at the bottom in terms of all kinds of measures of per capita discretionary funding, even though we get $5- or $6-million a year there.

We are not partisans for that program right now because if it stands in the way of a passenger facility, that will enable us to really realize the revenue we need.

Mr. **Repel**. If I may, Mr. Clinger.

Mr. **Clinger**. Yes, Mr. Repel.

Mr. **Repel**. The proposal of the bill introduced by Congressman Lipinski and DeFazio would limit large and medium size hub airports to 50 percent of what they otherwise would have received in the AIP entitlements. Those funds would be moved over to the discretionary amount.

You have heard Sam Skinner testify this morning that 58 percent of that is what goes to those small airports. Well, it would be 58 percent of a much larger pot if that same percentage of allocation were to continue.

We recognize the need for supporting those small airports and are willing to forego some of the entitlements that we currently get under the AIP program.

Mr. **Clinger**. You know, we have talked about the fact that you don't have the resources and that we are not dedicating the resources to the capacity problem, but how much is that a problem and how much is the problem that we are not meeting the demand side of the equation by the fact we have rising citizen objection because of noise and congestion and so forth, the very arguments you were all going through in Calumet City the other night.

It seems to me they are as great an impediment to growth as lack of resources.

Mr. **Repel**. I think it is unfair to characterize the response that was given to the committee, to the subcommittee last Monday night at the Thornton High School, and I can truthfully say to you that when we go around to those communities and speak to the people who will be affected by the airport and tell them about the concern that the mayor has and the sincerity of creating programs, programs beyond those Federally mandated, and when we show and show them the opportunities this airport will provide for Chicago and the Northwestern Indiana region, many people are coming around and coming around telling us, "We'll be with you."

Their only concern today is the lack of sincerity. They tell us if it is going to happen, let's move forward and do it.

I don't believe we will have a problem. And the concept that we have chosen with regard to the location of this third airport for the Chicago Metropolitan region was the one that was the least socially disruptive.

I dare say if a referendum was offered to the people in the Chicago Metropolitan area, that the percentages would be overwhelming in support of Mayor Daley's concept for that airport.

Mr. **Clinger**. You can see there would be concern we might have that you would also have, such as noise.

Mr. **Repel**. With respect to issues of noise that are associated with airports, those are things controlled by land use control. The concept that we have is we are going to have airplanes flying over forests, industrial areas and the lake and the north contours, and the effect on homes in that are equal 1200, whereas around the O'Hare Airport we have 78,000 homes that are impacted.

We have an opportunity, window of opportunity here, years of planning before this airport comes on line, to make certain that those problems are further minimized.

Mr. **Clinger**. I was about to say I think we have expressed here today the frustration the subcommittee has, the committee has, not being able to spend the trust fund amounts because of arbitrary and totally extraneous reasons as to why the trust fund exists.

Mr. **Repel**. The commitment of the City of Chicago as well as the commitment of the governors of other cities have to building a third regional airport is such that I am certain they will do everything to garner the necessary political support for us.

Mr. **Clinger**. Thank you, Mr. Chairman.

Mr. **Oberstar**. I call on your able and effective and persistent Representative from the State of Illinois, representing Chicago, Mr. Lipinski.

Mr. **Lipinski**. Thank you very much, Mr. Chairman.

I want to thank this panel for their presentation here today. A couple of things I would like to straighten out off the bat.

First of all, Mr. Chairman, I want you to note at that hearing last Monday night, we didn't have residents of the City of Chicago present there, or myself. And the representative that were there that night, the people in the audience had nothing to do with the City of Chicago.

If you held that meeting in the City of Chicago, they are perfectly polite people. Secondly, in regards to the other statement that was made about noise pollution, there wasn't any issue with noise pollution.

It is principally that people are concerned their homes are going to be taken in the Galumet City-Dalton area. What was the other?

Mr. **Repel**. Vernon.

Mr. **Lipinski**. It was a matter of the noise pollution. If you want to move a little bit further north and west, there is an airport called Midway. We might possibly have that problem around that airport. As one who lives five minutes away, I am fairly familiar with it.

But to get into a couple of questions to this panel over there, the financial plan for the new Denver airport was accomplished without a PFC. Could you tell me why they could do it? Does the City of Chicago have to have a PFC to finance the Lake Galumet Airport?

Mr. **Franke**. The new Denver Airport is a replacement airport for the Stapleton Airport, scheduled to close in 1993. To build a replacement airport, the sole facility in town is obviously to occupy a marketplace. In Chicago, we are looking at a third commercial airport which will have to compete with the two established airports, O'Hare and Midway.

The third commercial airport in order to compete will have to be operated on a cost-competitive basis. To do that, you will need to have some massive form of outside funding, whether from a PFC or from some other source.

To answer the question, could it be done without a PFC? Possibly over a longer period of time with a great deal of difficulty and public inconvenience, yes. Will the PFC facilitate it, make it more cost-competitive, more attractive to a variety of competing air carriers? Yes, it will.

Mr. **Lipinski**. Do you have any idea if we implement the PFC legislation and it goes into effect immediately, how quickly you can build the third airport in comparison to if we don't have the PFC, how long it will take?

Mr. **Repel**. The best estimates are that we would be able, assuming that a site would be chosen soon, that we could build a third major air carrier airport within the next 10 years in the Chicago metropolitan area. We would need to take more time if we did not have the PFC available, or we would have to substantially increase the costs associated with that because of the lack of financial wherewithal.

We would probably have to capitalize the interest on those bonds and pay them back later.

Mr. **Lipinski**. There has been a question brought up here during the course of the testimony today in regards to airlines controlling—let us not say controlling, let us say having a tremendous amount of influence at certain airports. There have been some who say they prefer that to the airport authority having control.

I was wondering what your experience might be in that particular area? Can you give me any reason why you think that airlines are in a better position to control an airport facility?

Mr. **Franke**. There is a reluctance to name names and dates when it comes to talking about specific competitive activities or non-activities of individual airlines. I could come up with a long list of situations that have occurred. I might mention one at Midway

Airport that I thought of this morning, sitting here when the topic came out.

I don't know if there is anybody here from United Airlines. But United controls three gates at Midway Airport. Gates are in extreme demand there. United doesn't use those gates for more than one or two flights a day, but they are content to sit on those gates in order to prevent competing airlines from coming in using them to turn over 8 or 10 or 12 flights a day, which would draw passengers from the Chicago passenger base, presumably to the detriment of United.

That is one specific incident that I am sure will appeal to the Congressmen. There are several others, many others I could go into.

Another one at O'Hare, just to even the slate here, we are trying to build a new air traffic control tower at O'Hare. The—there are few locations on the airfield where a new control tower can be built.

Those locations will inconvenience either one or the other of our major carriers, United and American. United is anxious to see a control tower built on American's turf, and American is anxious to see the control tower built on United's turf.

We have this battle going on. If the airport had to pay for that air traffic control tower, it would never get built, because we need consensus of both carriers to do it. The Federal Aviation Administration has agreed to contribute most of the money, and we are coming up with the rest of it from non-airline sources, so we will be able to go ahead, impose the control tower on somebody.

It is an illustration of the kind of airline control that can exist at airports and that can affect major capital projects, which in the case of the air traffic control tower, affect capacity and delay and, indeed, safety in the long run.

Mr. **Lipinski**. I would assume you would be in favor of anything that would give more authority for the public good back to the airport authority, and certainly the PFC would fall into that category.

Mr. **Franke**. The PFC would give the airport some form of control vis-a-vis the airlines. It would not replace airline-backed revenue bonds completely, nor the AIP fund completely. It will tend to level the playing field, which is what we are looking for.

Mr. **Repel**. Congressman, this is not to be—meant to be critical of the airlines. The airlines are concerned about profits, quarterly profits, the short term, and they should be. They have a responsibility to their shareholders. But we have a responsibility to the public, as you have a responsibility to the public, to look at things long-term.

The PFC under our control will permit us to do that. We don't need to focus on quarterly profits. We will focus on what is good for the national air traffic system.

Mr. **Lipinski**. We had talked earlier about light rail to an airport, whether it be an existing airport or a new airport, access roads to an existing airport or a new airport. How important do you see that being as far as PFC eligibility goes?

Mr. **Repel**. I think it is important. I think more important, however, is the development of the new airport in Chicago, with the expansion of other airports throughout the United States. But, there is a very close relationship, as I mentioned to Congressman Clinger. If there is going to be this increase in capacity, there is going to be a need for increased access to these facilities.

And it is important, and there ought to be the flexibility under appropriate circumstances or standards that the PFC be used for those types of projects.

Mr. LIPINSKI. Would you be willing to accept something that went as long as the airport side needs were being met and the safety needs were being met after that was determined, say, by the Secretary, that then any PFC finances could be utilized for access road or light rail?

Mr. REPEL. I believe our paper indicates that the standards with regard to all of these projects are standards of demand and capacity, safety and security. Those are the most important and pressing demands. The others are important, also, and flow from them, but those are the priorities.

Mr. LIPINSKI. Because a question has been raised on a number occasions to me personally. I would like to hear your explanation of why is it fair to charge a PFC to connecting passengers? We all know why everyone asks me that, because so many people fly through O'Hare Airport. I am sure you have good rationale for supporting something like that. I would like to hear it, but I would like to have it here for the record. I know it.

Mr. REPEL. Connecting passengers have the same effect on the air field, runways, the use of the terminal. They have the same effect as the result of their flying with regard to the environmental impacts and the noises that are created.

They are the users of that facility, and they ought to share the responsibility for the cost of the use of that facility.

Mr. FRANKE. The connecting passengers are just the ones going through the airport at the time of peak demand. If anybody ought to pay a peaking charge, a user fee related to peak time cost, it should be the connecting passengers.

Mr. LIPINSKI. Mr. Chairman, thank you very much.

Thank you, gentlemen.

Mr. OBERSTAR. Thank you, Mr. Lipinski.

The Chair recognizes the very able and dedicated gentleman from Tennessee, Mr. Clement.

Mr. CLEMENT. Thank you, Mr. Chairman.

General Moore, I know we have talked a lot about flexibility and freedom. To get to Nashville International Airport, and I appreciate Chicago, too, because my father used to live there, the FDA agent, when the Terrible Touy was captured, my father was in on the capture years ago in Chicago.

But Nashville International Airport, if you do not have the authority to levy the PFC, and you know, Congressman Lipinski and Congressman DeFazio have done much work on this legislation, what would happen? We are not looking at a new airport? We are looking for expansion.

General WILLIAM MOORE. We have two runway extensions projects, plus a very extensive taxiway that will add up to about a $65 million requirement this year and next year. And that would just get us even with the demand by the end of next year and enable us to continue to operate without excessive delays.

We have projects that are committed, are in the process now, some $65 million, of which we are still looking for the Federal share of about 60 million. Looking at our total requirement in projects committed and underway and needed this next year, about $108 million we will be needing just as quickly as we can get it.

This far exceeds anything that the trust fund has ever been able to make available to us. We normally get funded perhaps 10, $12 million a year. We think that is a pretty good year. We know the difficulties the trust fund is facing. It is inadequate. We have little faith that we are going to be able to get from that fund, in a timely fashion, what we need to continue to develop our airport.

Therefore, if we don't find an alternate source of funding such as the passenger facility charge, some of our projects are simply going to wait. We are going to run into congestion problems. It is anybody's guessas to when the funds would be available to get to those things we are trying to do right now.

Mr. CLEMENT. If we approve this legislation, do you have the authority to levy PFCs?

General WILLIAM MOORE. If the PFC is authorized airports, yes. Metropolitan National Airport Authority would have the authority to levy the PFCs.

Mr. CLEMENT. Is that true nationwide with other authorities or cities?

General WILLIAM MOORE. Any AIP-eligible airport would fall into that category.

Mr. FRANKE. Whoever the legally constituted governing authority of that airport is would have the power under that proposed legislation to impose the passenger facility charge.

General WILLIAM MOORE. I did not comment a few minutes ago on the question of Mr. Lipinski. I would like to weigh in on that one. What role, as I understood the question, should the airlines play in the determinations on AIP projects. I think in this particular case, the governing determinations should be with the Federal Government. I do think those projects should be reviewed probably at the Secretary of Transportation level.

I do not believe that the airlines, through the MI voting process, veto projects that the airports would like to implement. I do think that the airports should notify the airlines. The airlines should have a voice and be able to weigh in with the airport and with the Secretary of Transportation before a final determination is made.

Mr. CLEMENT. All right. Thank you, General.

General WILLIAM MOORE. Yes, sir.

Mr. OBERSTAR. The gentleman from Georgia, Mr. Lewis?

Mr. LEWIS. No questions, Mr. Chairman.

Mr. OBERSTAR. Thank you.

General Moore, if I may just follow up on Mr. Clement's question. Do the airlines serving your airport have contractual clauses that enable them to refuse to fund the capital development of $300 million which you cited in your testimony?

General WILLIAM MOORE. Yes, sir, they do have. We have a typical residual agreement with the airlines.

Mr. OBERSTAR. Have they expressed willingness to support the program you have laid out?

General **William Moore**. The program which I have laid out has not yet been approved by the airlines. It is under discussion. I might point out, Mr. Chairman, I don't want to leave a wrong impression. Our relationship with our signatory airlines is excellent.

We have always received good support from them. I anticipate we will have good support in the future. But their contribution is only 25 percent of the total of AIP projects. The remainder has to come from the Federal Government.

In the case of PFCs, I think their contribution on those specifically PFC-funded projects would be zero. So, that is a different case in considering airline participation in the determination of whether or not you go with those projects or not.

Mr. **Oberstar**. Do you have any view on whether a PFC, if permitted, the revenues therefrom should be eligible for funding of airport projects, such as roads, mass transit, light rail, high-speed rail?

General **William Moore**. Mr. Chairman, we can, looking ahead as far as we can see at Nashville, we have so many on-airport improvement projects, it is hard for us to even imagine getting off-airport. I think that on-airport capacity projects should have a priority at any airport. And anything off-airport ought to be looked at very, very carefully before it is approved.

I would not say there aren't cases where approval of an off-access road roadway might be warranted. I think they ought to be looked at very, very carefully.

Mr. **Oberstar**. Thank you very much. I appreciate your candor and your participation here today.

Mr. Repel, give our greetings to the Mayor. Your Chicago delegation has very effectively and vigorously advocated the viewpoint of the City and His Honor.

[Mr. Franke's prepared statement appears on page 193.]

[Mr. Repel's prepared statement appears on page 193.]

[General Moore's prepared statement appears on page 230.]

Mr. **Oberstar**. Our next panel includes a very important witness: Former Deputy Secretary of Transportation, Ms. Mimi Dawson, Chairman of the Airport Capacity Funding Advisory Committee, who served a very important role that shaped the debate that is presently before this committee.

Accompanying her, Mr. Barclay gets another shot at the witness table; and Mr. Scott Yohe, in his capacity as a member of that Advisory Committee. They are also serving in his other role as Vice President for Delta Airlines. Thank you for your patience. It has been a rather long day. We can be thankful it is not going to be a rather long night, as we experienced in Chicago at a hearing recently.

TESTIMONY OF MIMI DAWSON, CHAIRMAN, AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE, U.S. DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY CHARLES BARCLAY, EXECUTIVE DIRECTOR, AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES, AND SCOTT YOHE, VICE PRESIDENT, DELTA AIRLINES

Mr. OBERSTAR. Ms. Dawson, thank you for that great contribution chairing that advisory committee, for the recommendations you fashioned. They have proven to be a good guidepost as we proceed with this issue.

Ms. DAWSON. Thank you, Mr. Chairman. I have a prepared statement if you want me to proceed with it?

Mr. OBERSTAR. The statement will be included in the record. You may highlight.

Ms. DAWSON. The problem with reflecting the highlights, as you can imagine, this was a very delicate process. I am afraid if I include the highlights, someone's highlight may not be included. I would like to read it. Then we can proceed.

Mr. OBERSTAR. We are here to receive your testimony.

Ms. DAWSON. I am delighted to be here to report briefly on the excellent work done by the Airport Capacity Funding Advisory Committee. Early this year Secretary Skinner asked me to serve as the moderator of the committee. The report language establishing the Airport Capacity Funding Advisory Committee requested that the Department of Transportation conduct a study of innovative funding mechanisms for the purpose of providing needed airport capacity. This study was to include a review of issues surrounding repeal of the Federal prohibition against locally imposed surcharges on airline passengers by airport operators.

In order to accomplish this work in a short time frame, Secretary Skinner directed the Airport Capacity Funding Advisory Committee focus on issues relating to passenger facility charges. At the same time the Secretary charged the finance working group of the Aviation Assistance Capacity Task Force with examining a wide range of potential sources of funding.

The work done by the members of the committee represents many hours not only in the sessions of the full committees, but in numerous subcommittee meetings. The members gave generously of their time and expertise to consider PFCs. From very early in the committee's deliberations there was a mutual understanding that the committee recommendations were to represent a consensus on actions to be taken in the event that PFCs were authorized.

The committee offered no recommendations on whether a PFC should be authorized or whether the current airport situation requires the institution of PFCs. Some members felt that current sources of funding were adequate. Others believe new sources of revenue are needed. However, a general consensus was reached on many issues related to a mechanism for the collection and expenditure of PFC revenues in the event that Federal laws changed so that locally imposed PFCs are permitted.

I will summarize the committee's major recommendations. These recommendations include the general characteristics of a PFC, the amount of the charge, the relationship between the revenues collected and the airport improvement program grants, the use of PFC revenues and administrative aspects of PFC collections. I am also providing a copy of the complete set of recommendations for the hearing record.

With respect to the general characteristics of PFCs, it was recommended that they should be Federally controlled, locally imposed user charges. PFCs would be implemented singly at the option of individual airports as opposed to being a universal charge at all airports. The basis for justifying a particular level for a PFC should be the cost of specific eligible projects at the implementing airport.

The committee believes in order to be a fully useful financing mechanism, a PFC must remain authorized under Federal law for a period of time compatible with the financing of a project. Without this protection against changes in the law, PFCs may be of little use in financing airport capacity development.

For reasons of administrative ease, PFCs should be levied at specific whole dollar amounts per enplanement per passenger with a ceiling of $3 per charge. However, there should be a process that allows the Secretary of Transportation to weigh the ceiling on PFCs under certain circumstances.

There was a consensus that it is probably appropriate to charge a reduced PFC for nonconnecting passengers departing on short-haul flights to small communities. No limit was recommended for the total number or value of PFCs that can be collected per passenger per one-way trip.

Multiple PFCs were not considered a hardship because the average number of plane changes per trip is approximately 1.4. Some members of the committee believe PFCs should be levied on all identifiable passengers, including the passengers of general aviation aircraft and on freight. Other committee members believe that individual airports should have discretion on whether or not to impose charges on a particular class of user.

All members agree that if there are charges on classes of airport users other than passengers, the same method for assessing a charge on each class of user should be applied at all airports.

The committee considered potential links between the airport improvement program and individual airport PFC revenues. They concluded that large and medium hub airports imposing PFCs should forego 50 cents of each AIP passenger entitlement dollar for each dollar of PFC revenue received.

This would apply up to a maximum entitlement loss of 50 percent of the funds for what an individual airport is eligible. Small hub and non-hub airports should not be required to forego any AIP entitlement funds. It was recommended that entitlement funds foregone by airports be shifted to the discretionary fund and allocated proportionally across all discretionary categories.

There was discussion of proper uses for PFC revenues. The consensus was it would be proper to use these revenues directly for new capacity additions or replacements or to service debt on specific projects subject to an agreed upon project approval process. There was agreement to allow PFCs to fund on airport projects including navigational and airway facilities and equipment and airport related environmental projects.

Once a project is paid off, the applicable PFC should terminate. However, new projects could be added to the group of projects approved for financing with PFCs at an airport. PFC should not be used for operating expenses or building up airport surpluses. Rather than attempting to create an exhausting list of PFC eligible and ineligible projects, the committee developed a project, a process for project approval that provides opportunities for consultation by affected parties administrativees and timeliness in arriving at decisions on projects nominated for PFC funding.

The process involves a number of steps spelled out in the committee's report. Airports would initiate the process, notify airport users and hold a meeting to justify PFC and PFC funded project or projects. Each user must respond with a timely certification of agreement or disagreement on projects. If there is agreement the FAA would be required only to publish the PFC amount prior to PFC initiation. If there is disagreement for an AIP eligible project, FAA must publish a written order in response to any user complaint.

The FAA is to disapprove such disputed projects if the user provides substantial evidence showing that the project will not benefit airport safety or capacity. If there is disagreement for an AIP eligible project, FAA must allow published, also publish a written order in response. To initiate the charge for a non-AIP eligible project, the airport must demonstrate to the FAA substantial evidence showing that the project will enhance system capacity or safety and that alternative funding is not available.

The committee agreed that FAA, on any local airport PFC program should be subject to judicial review. It is the committee's understanding that existing judicial review provisions of the Federal Aviation Act would be applicable to FAA actions on PFC program review, if PFC legislation is enacted, as an amendment to that statute. There was disagreement on the airport treatment of gates. Some members believe PFC revenues should not be used to finance new gates in the absence of an agreement with users. Other members continue to believe that PFC revenue should be used to finance new gates subject only to the approval process required for AIP eligible projects.

The committee agreed that PFCs collected at one airport might be spent on projects at other airports that are controlled by the same sponsor as long as such projects are AIP eligible and provide demonstrable benefit to parties paying the PFC. Example, the provision of reliever airports to reduce congestion in airports used by scheduled air carriers. Projects at other airports should not include terminal or gate projects except to the extent they are AIP eligible. For ease of collection and administration, the committee recommended that airlines collect the PFCs and pay them to the airports.

PFCs should be listed as a separate charge on that ticket. The revenues should be held in segregated accounts that are reviewed by an independent auditor.

Finally, the committee agreed airlines should be fully compensated for the cost of collecting the PFCs. The committee recommends that the Secretary determine by regulation the proper level and method of compensating the airlines for collection of PFCs.

I would like to express my appreciation for the effort by the members of the Airport Capacity Funding Advisory Committee. They did the work. I am sure these members and their organizations with their extensive backgrounds in air carrier, aircraft and their operations will be available to provide more detailed advice on Passenger Facility Charge. Until such time, the gentleman with me today and I will be glad to answer questions.

Mr. **Oberstar**. Thank you. Mr. Yohe.

Mr. **Yohe**. I don't have any prepared statement. I am taking off my Delta Airlines hat today. I am prepared to answer questions with respect to my participation and role on the committee.

Mr. **Oberstar**. Mr. Barclay, same disclaimer?

Mr. **Barclay**. Same disclaimer, Mr. Chairman. At the risk of creating myself within a five hour period, I stand ready to answer questions.

Ms. **Dawson**. I asked the two gentlemen to be here mainly because they were the co-chair of a subcommittee which put together the process by which these PFCs might work through a mechanism. It was a key working group for us. They hammered out something that I think is worthwhile.

Mr. **Oberstar**. You and your committee and all the participants, while there was undoubtedly sharp disagreement, lively debate, not doubt among the committee members, you were able to bring about a comprehensive analysis, a thoughtful guidepost for development of a PFC concept, and incredible, a consensus on how to levy this charge and how it should be applied in the face of such internal disagreement to us, at least initially. This is testimony to your leadership ability. You did a splendid job.

Now, how would cargo be treated?

Ms. **Dawson**. Mr. Chairman, we discussed that for a long time. Since we understood it would not be in the Administration's bill, there were those that said why should we get into that? I think it is safe to say and one of the things I tried not to do as the chairperson of this group is to represent either side.

I think it is fair to say, and Mr. Yohe might want to elaborate, that air carriers felt if their passengers were going to bear a brunt of this, they felt all users should bear a brunt of a PFC.

One of the issues we ran into in terms of administration was how would one administer a PFC for cargo or for general aviation? I felt, frankly, we had come close in terms of looking at some alternatives for general aviation. And in terms of cargo, we felt that was something that we didn't have to arrive at a specific mechanism.

Mr. **Yohe**. I would just add that a majority of the members of the committee agreed that all users should pay something. The problem was for cargo in general aviation. The folks on the committee could never decide what was the best way of paying it. With passengers it is equally. It was a per enplanement charge that would be a fixed amount. For cargo the problem was do you do it in terms of the weighting formula, do you do it in terms of a per charge for shipment, be it and overnight letter or a container.

There was not a consensus in terms of what would be the best way to do it. There was some concern on the airport side in terms of whether or not, particularly with respect to general aviation, whether it would be worthwhile to collect it at all.

The question is who would be the collecting entity. In the case of the airlines, we would be the tax collector, so to speak. In the case of general aviation, because most of them are single pilots in an airplane, who would be responsible for collecting and making sure that the charge was levied and ultimately remitted to the airport authority? So I think while there was an agreement that all users should pay, we just couldn't come to an agreement on the mechanism for charging.

Ms. **Dawson**. Mr. Chairman, I thought it was interesting that it was quite clear, as Scott said, that members were in agreement that all users should be part of the process. I say that because it was clear that general aviation and cargo felt that in terms of the process that we established, when they sit down at the table, they want to be at the table. If there is going to be a PFC, they want to be charged so that they have a voice.

Mr. **Oberstar**. Well, you could conceive of a cargo charge in many ways on a single landing, on a weight basis or, more sensibly, as parallel to the ticket tax, which is in a sense a value tax, you could pay, although the percentage is the same. The higher the ticket, the higher the tax paid. You could charge it on a value basis.

The higher the value of the cargo, the greater the tax paid.

Ms. **Dawson**. There was some concern about getting into PFC surrogates and that if we were going to be dealing, what our mission was to look at the implementation and the mechanism for a PFC, if you start getting away from a specific charge and to something that an airport could already charge and assess, that there was a concern that they just might make assessments.

It may not bear a relationship to the concept that the PFC originated for. So, we left that and said we would not decide on a specific mechanism.

You might want to address some of the airport concerns.

Mr. **Barclay**. I think they are certainly fairly represented. A discussion that went on in the committee, the only place we——

Mr. **Oberstar**. Pull the mike closer.

Mr. **Barclay**. I think that airports' basic problem, we don't disagree at all in the committee or outside the committee that every one, if you have an increased burden for capital improvement, all users should share that. The difficulty is in trying to come up with a similar, a PFC kind of charge for cargo or general aviation and having to put it on all three groups if you put it on one group.

I mean, with commercial passengers gets us into a nightmare of collection where we have to collect from general aviation, but it costs us more than we are collecting. And we wanted the authority to decide which categories to put this kind of charge on and perhaps handling other categories of users with different chargers.

As Scott said, I think a majority of the committee which were users said, "We want airports to make it all or nothing." We couldn't come to agreement on that one small point.

Generally on these, we did a good job.

Mr. **Oberstar**. I think that is sufficient treatment of that subject.

On a matter that I had intended to cover with the Secretary and you did address, Ms. Dawson, and that is that, there is a cost to the airlines of collecting this charge. There ought to be some means of compensation for their cost, being the collection agent. You addressed that matter. Would you elaborate briefly?

Ms. **Dawson**. We went through several calculations. Scott Yohe, he provided the committee with some information. We felt we didn't need to go any further than what we have here.

Mr. **Yohe**. Basically we just looked at what the fully allocated cost, administrative cost associated with collecting the charge and came up with a percentage of 8.8 percent cost to the airline to collect the charge of the total amount.

There would be an additional 9.7 percent for travel agency commission if they were included. I guess the majority opinion was that they would not be if it is shown as a separate tax on the ticket. So it would be in that range of 8.8 to 18.5, depending upon whether travel agency commission would be included.

Mr. **Oberstar**. Thank you.

There are two themes that have been sounded today on this matter of the PFC. One concept was to have the PFC limited to a specific project, like a particular runway or some other particular need.

The other seemed to emerge from our last panel, not seemed to emerge, was very clearly stated, and that is that the PFC constitutes a long term dependable, dedicated revenue stream for general purposes of aviation at the airport.

What was the consensus of this, of your advisory committee on this subject, if any?

Ms. **Dawson**. Well, I think it is fair to say that philosophically there were different views. I think practically the committee felt and reached a consensus that it should be airport specific and it should be project specific. We did not see it as a scenario under which we found this as kind of a trough.

I think there was agreement on that because they felt it philosophically, and others, because they felt it was a necessity to move forward.

Mr. **Oberstar**. Mr. Yohe?

Mr. **Yohe**. I think basically the process that we developed was one that really lends itself to the kind of relationship that we had today. You talked about checks and balances earlier. I think essentially the system we have that produced this report demonstrates for the most part users and airports can generally agree on projects.

What we wanted to try to do was to try to develop a system that forced agreement at the local level. As part of that, what we said was that the airport should sit down with the users and go through those projects that they would like to finance with the PFC. If there was an agreement, whether they were AIP-eligible under step one or not AIP-eligible under step two, if there was agreement between the parties, you would go through a very rapid approval process through the Secretary, and the project would be forwarded.

If there was disagreement, it would depend upon whether or not it was AIP-eligible or not. Then it would be an arbitration mechanism.

Essentially, what we said was is to take a look at the total capital cost at the airport and decide how you want to pay for it and include PFCs as part of the mix of other types of financing.

So in some cases it would be a very short term duration. Say, in Atlanta if you wanted to do the fifth runway, it would take a year or two if you used that option. You might want to do other projects over a longer period of time. It would depend upon the overall long-term needs of the airport and what could be worked out with the users.

Mr. OBERSTAR. We are now on the second call of a recorded vote. I think we should probably break and return to ask further questions. I want to cover a number of other items that you reviewed in your report, to elaborate upon them. Other members have questions.

[Recess.]

Mr. OBERSTAR. Notwithstanding the vote in progress again on the House Floor, we will resume and try to conclude some questions for this panel and proceed to the next witnesses as expeditiously as possible.

Did the advisory committee consider the question of whether contracts between airports and airlines should be allowed to limit the power of an airport to impose a PFC?

Ms. DAWSON. We did not speak prospectively. We did speak in terms of whether or not it should go through the existing contracts.

Mr. OBERSTAR. You didn't look to the future?

Ms. DAWSON. No, we did not.

Mr. OBERSTAR. Based on your experience and the testimony, what is your judgment?

Ms. DAWSON. Gentlemen?

Mr. YOHE. Generally, our conclusion is, and the problem is there is such a myriad of different types of agreements and contracts out there today that it is hazardous to make a definitive statement.

I think for the most part the majority and interest agreements are in place today and would not really be affected as far as a PFC unless it affected the existing agreements and the rates and charges under those agreements.

I think for the most part MII certainly would not be an inhibitor or impediment to a PFC-financed project. However, there are two other types of clauses in contracts that potentially would be at issue.

One is a most favored nation's type of provision that says if this airline gets a certain kind of rate, we get the same kind of rate, so there is no discrimination. The other is provisions that a lot of contracts relating to no other fees and charges, which again says you can't charge somebody what you are not charging me unequally.

Those two types of provisions which are in a lot of contracts certainly would be an influence in terms of PFC the process.

Again, emphasizing, I think, the need that if you are going to develop a process, regardless of your attitude about impairing existing contracts, the best mechanism is to try to see if you can work out an agreement at the local level so that the airlines can wave those ticket provisions.

I think, again, in most cases that would be the case. So you probably wouldn't have too many circumstances where an airline would elect to invoke those clauses, and you would have litigation.

One of the problems, I think, with the bill introduced by Congressman Lipinski and Congressman DeFazio is that the user role is so minimal as to really potentially set in motion a lot of litigation under those types of clauses around the country.

Under the pure consultation concept, I mean, and I can call you up and say, hey, I'm doing this. We have consulted. Now, I am going to do it.

Under our system there truly is adequate protection and adequate representation in terms of the airline participation in deciding which projects should be financed with the PCS.

Ms. DAWSON. Mr. Chairman, I think it was clear throughout our discussions in most instances—and I think it was mentioned here earlier—there is a very good relationship between the airport and its users. One of the unspoken truths about PFCs is that it changes leverage.

I think that that is clearly the reasons that there is a great deal of nervousness about a PFC on the part of industries. To the extent that you have future contracts, a personal belief of mine which was not expressed in the committee is that you are through a PFC, adding a leverage to one side of the equation, and that ultimately over time, an equilibrium will be established that need not worry about those contracts and it would create a burden, a legal burden I don't think you would want to engage in.

Mr. OBERSTAR. Mr. Clinger, do you have some further questions?

Mr. CLINGER. Thank you, Mr. Chairman.

Ms. Dawson, what about the charge about the regressivity of this tax, or the discriminatory factor with two regards: one, that you are taxing the vacation traveler who has a tough time raising the money to go on the trip in the first place to the person who travels first class, the business traveler whose fare is paid for? That is one aspect.

The other aspect being an issue was raised this morning by Mr. Laughlin, that the rural travelers are liable to be hit three, four, five, six times in the course of getting from their commuter airport to where they are trying to go.

Both of those would seem to me to be kind of regressive.

Ms. DAWSON. Congressman, we did not address the philosophical aspects of PFCs and whether or not they were an appropriate mechanism. We addressed the issue to if they were used, in the event it was selected as a mechanism, how would it be implemented.

Mr. CLINGER. I think you suggested there would be no limit.

Ms. DAWSON. That is correct. I was going to address that issue. The information we have is that the average passenger has 1.4 emplanements per trip. Isn't that the figure?

Therefore, based on that information, we did not see a scenario where a passenger would be hit this three, four, five, six times, a rural passenger.

If, indeed, that were the case, and we had information that it were the case, we might want to re-visit that issue. We also talked about a discount that would be available for non-connecting rural passengers to non-hub airports and felt the discount was totally appropriate.

Mr. **Clinger**. Mr. Yohe, one of the things you were talking about earlier, I guess nobody really knew the answer right off-hand. That is frequent flyer passengers who pay no fares, do they now pay a tax? I assume not.

Mr. **Yohe**. To my knowledge, no. They do not pay a tax.

Mr. **Clinger**. They don't pay a tax on frequent flyer awards?

Mr. **Yohe**. They are like non-revenue travel.

Mr. **Clinger**. If we are talking about non-revenue travel, we are talking about the airline employees. This would be a much broader group that would be free of the charge, would it not, if we are talking about all frequent flyers exempt from that head tax, as well?

Mr. **Yohe**. I would like to get back to you on that. I am not 100 percent sure. I think that is correct.

But you are right, the number of awards used by frequent flyers are substantial.

Mr. **Barclay**. You don't pay tax on frequent flyer awards and neither do non-revs. It is my understanding they also don't pay things like the Customs surcharge so that I assume this would be handled consistently.

Mr. **Clinger**. That is a pretty good group of people; isn't it?

Mr. **Barclay**. Mr. Clinger, if I may go back to regressivity for a second. To the extent—I would argue with that notion that this is a regressivity or any user fee winds up being a regressive tax.

If the needs in the system are real and have to be met through some mechanism, let's assume we don't have PFCs, but we still have to meet those needs. So airports and airlines over time are able to raise landing fees. That gets cranked into air fares. The cost is still there.

If we are talking about a user fee aimed at meeting needs in the system that aren't going to go away, I don't think the notion of regressive taxation really does apply to this.

Mr. **Clinger**. Thank you.

Mr. **Yohe**. Rather than addressing regressivity, I think that it is fair to say that for a lot of consumers in rural locations, they certainly are going to bear a significantly higher burden in terms of passenger facility charges because they, to a large extent, have at least one connection on their transportation.

In Delta, we notified in the last few years we have a significantly higher number of passengers with double connections, so if you had a charge per emplanement, the incidence on a one way ticket would be three occasions.

I think certainly folks from non-hub areas certainly are going to potentially pay a greater burden than those folks who live in hub cities and originate at those cities.

Mr. **Lewis** [presiding]. Ms. Dawson?

Ms. **Dawson**. Just to follow up. Scott is absolutely right. We were not—the reason we did not pursue the discount further is that we felt that that would not be appropriate for the airlines to sit around and everyone there to discuss what kind of discounts because they may have a competitive impact at some point.

Mr. **Lewis**. Ms. Dawson, on page two, I think, of your testimony, I think you mention—just one minute. It is the last paragraph, as I recall, on page two.

You mentioned that there would be no limit to the number of the values of the PFCs. I believe Secretary Skinner stated that there would be a limit of two.

Did I misunderstand what the Secretary said?

Ms. **Dawson**. No. I am sorry. Did I say there was a limit of two?

Mr. **Lewis**. You said there would be no limit.

Ms. **Dawson**. There is no limit. The committee made no recommendation as to a limit. We made a recommendation as to a dollar amount of $3 per emplanement.

Mr. **Lewis**. This would not be a limit——

Ms. **Dawson**. On the number of times you could charge that $3 per one-way trip.

Mr. **Lewis**. The Secretary said there would be a limit of two, he thought.

Ms. **Dawson**. Yes. That is the Administration's proposal. It wasn't our committee's recommendation.

Mr. **Lewis**. Thank you very much.

Ms. **Dawson**. I believe that is also the same in the legislation that is pending.

Mr. **Lewis**. I think we have a list of questions that I would like to ask. I gather from your report the question of whether gates should be eligible for PFC funding was one on which the group could not reach a consensus. Could you give us some of the consideration against using PFCs to underwrite the building of gates?

Ms. **Dawson**. Yes. I think this goes to the issues, the real issues that were before us in trying to sort our interests. The airports felt it was critical for them to be able to increase competition. If they had capacity constraints, they wanted to be able to use PFCs to provide new gates, to encourage competition and entry, and that is certainly understandable.

On the other hand, the airlines felt it was not in their economic self-interest to charge their passenger a fee so that airports could build gates for their competitors. I think that is as fairly stated as I can make the discussion that took place.

So the issue was how would we include it in the report. I am trying to remember, did we include it in definition two? We did include it in definition two, which meant the burden of proof is on the airport to suggest that it was a fairly substantial benefit to airport capacity and the funding was not available in some other way.

Mr. **Lewis**. Thank you.

Mr. Barclay, do you care to add anything?

Mr. **Barclay**. No. I think that adequately reflects what happened.

Mr. **Yohe**. I agree. That was probably the toughest of all the project types we had to resolve. Chip and I struggled with it a lot. There wasn't an agreement.

We said in the report there was substantial difference on that point. I think that is the only one where we had that kind of disagreement that I can recall.

Ms. **Dawson**. That and the waiver.

Mr. LEWIS. Ms. Dawson, your group recommended that on airport capacity projects which were not eligible under the AIP program should be eligible for funding with a PFCS. Could you explain to us what types of development we were talking about and also why you concluded that we should not follow the same eligibility rules for the PFC program as we do for the AIP program?

Ms. DAWSON. Let me take the first part and basically the question is why did we come up with a different process for non-AIP eligible——

Mr. LEWIS. What are the non-eligible AIP program?

Ms. DAWSON. We submitted for the record the PFC process flow chart. That may be what you are addressing. There are two definitions in definition two, the non-AIP eligible project.

Mr. LEWIS. They are already submitted for the record?

Ms. DAWSON. Yes, sir.

Mr. LEWIS. Could you give us some examples?

Ms. DAWSON. It says access roads and systems, parking lots and structures. The gentleman may have a specific example in mind they would think would fall into this definition since they worked through it.

Mr. BARCLAY. I think that the discussion you have heard this morning about the wisdom of non-AIP eligible items where airports would come in and say there were essential needs there to get passengers in and out of airports and other participants in the debate have said it should be only AIP eligible reflected what went on in the committee.

There was a basic—in order to reach a compromise, it was determined that items like a specific access road that is only used to get to an airport.

Mr. LEWIS. You wouldn't consider sort of beautification of the area surrounding the airport, the trees, the flowering peach trees? Don't have any particular place in mind?

Mr. BARCLAY. That wasn't listed in the items—some of that is actually AIP eligible today. But the point was in the committee, we put the burden of proof for any non-AIP eligible item, the burden of proof was shifted on to the airport with an assumption that these weren't eligible, and the airport had to overcome a burden of proof to be able to use a PFC fund on any non-AIP eligible item by proving to the Secretary over the objection of users that this was an absolutely essential item.

So it was assumed that it would be a fairly infrequent instance that non-AIP eligible items like the four detailed in the flow chart would wind up being approved for PFC use.

That reflected the debate and the compromise that went on.

Ms. DAWSON. Mr. Chairman, I think it is clear that as we began the discussion, we were talking about AIP eligible projects as those that we would look at first, and then we would, maybe, have a list. But we could think of so many instances—and I think this was kind of a credit to the working relationship between the airlines and the airports—where they would agree on a project because they would both think it was in the self-interest of moving passengers in and out of airports, that it would enhance capacity or safety.

Therefore, we found it very difficult to categorize around AIP. What we did is to suggest there was a category where the burden of proof would be on those who chose not to move forward and that we constructed another category where the burden of proof would be on those who chose to go forward with the project.

Mr. LEWIS. Thank you.

Mr. YOHE. I think another significant point here is that as part of that burden, the burden essentially would be to prove that the project itself was going to enhance system capacity and that there was no other way to finance that particular project. Again, I think that is a significant difference from the committee report in terms of the bill in that there is some fairly well-defined standards in terms of those types of circumstances under which these types of projects would be financed if, indeed there was a dispute at the local level and no agreement and the Secretary of Transportation had to arbitrate because there was not an agreement.

Mr. BARCLAY. Mr. Lewis, if I could, one of the real advantages of this process—once again, with my disclaimer, wearing my committee hat—is that it puts a real emphasis on getting agreement at the local level between the users and the airports.

Whether it is AIP eligible or not, if there is agreement, it simply goes on through an administrative process at DOT and there is no decision required by the Secretary, because everybody is in agreement, this is a necessary project, it should be funded, we can use PFC.

On the other hand, the projects in disagreement have to go through a more complicated process, be they AIP eligible or not. That puts everybody at the local level under some pressure to try to come to agreement at that stage without then going to the court of appeals which in this case ends up being the DOT Secretary.

Ms. DAWSON. It is a more cumbersome process than what you have before you in several proposals. It is a process to those that were sitting around the table we were at, it gave them assurances that the process would allow them to have their greatest input.

Mr. LEWIS. Are you saying the rules, the eligible rules for the PFC program would be a little more flexible than the rules for the AIP program?

Mr. BARCLAY. Yes.

Ms. DAWSON. Yes.

Mr. YOHE. Yes. To the extent that the local parties agree that that is how they wanted the money to be spent.

Ms. DAWSON. I would say the burden is when there is local agreement, when the folks back home are working well together, their burden of proof is a lot less.

The more there is contentiousness on the local level, the more the Federal level will have decision-making authority and the burden will be a lot tougher to meet.

Mr. LEWIS. Thank you very much.

Let me thank members of this panel. You have been so patient. You have been here for a long time.

Ms. Dawson, Mr. Barclay, Mr. Yohe, thank you for all your hard work and for presenting this study.

Thank you very much.

Ms. DAWSON. Thank you, Mr. Chairman.

[Ms. Dawson's prepared statement appears on page 178.]

Mr. Lewis. Members of the final panel, Ms. Margie L. Crace, President of the National Business Travel Association, and Dr. Mark Cooper, Director of Research Consumer Federation of America.

Let me welcome you. I know you have been here for a long time. You have been so patient. Thank you for waiting.

I believe we have copies of your prepared testimony. You can submit it for the record or summarize your statement.

TESTIMONY OF MARGIE L. CRACE, PRESIDENT, NATIONAL BUSINESS TRAVEL ASSOCIATION; AND DR. MARK COOPER, DIRECTOR OF RESEARCH, CONSUMER FEDERATION OF AMERICA

Ms. Crace. I think in view of the late hour, I think I can summarize.

The National Business Travel Association represents the specific interests of business travelers, the financial concerns of corporate consumers, and the welfare of the general traveling public in all 50 States. Our membership is comprised of a major cross section of industrial America, including defense contractors, the energy industry, the banking community, heavy manufacturers, major educational institutions, communications firms, prominent publishing houses, and light manufacturers.

Our affiliated membership draws support from nearly 5700 business travel professionals in 41 regionally-based organizations, bringing the NBTA's annual contribution to the business travel industry to an approximate $30 billion. This amount reflects a major contribution on the part of our vendor members, Allied Members, who form the cornerstone of this industry.

We have taken the position, and I will here, again, not read my entire prepared testimony because of the late hour, but the NBTA has taken the position that we have lost faith or credibility, if you will, with the Government because of the Aviation Trust Fund.

We have problems with that. We see passenger facility charges at some point, hopefully, not getting to be another Aviation Trust Fund.

We see there is no other way to perhaps handle this problem without having passenger facility charges. So our membership would support that if the Federal Government would, in fact, give us some assurance this money would be spent for the purpose for which it was collected.

That is our primary concern. As you can see, our members are putting a large sum of money into the travel industry. We, obviously, have concerns about safety and security and airport capacity.

These are things that we put our travelers out every day to deal with these problems, and so, you know, we would like to have some assurance from the Government.

The nation's carriers are presently transporting in excess of 467 million passengers per year. This vast number of business and leisure travelers will pass through 521 commercial service airports, the newest of which was completed in 1972. These facilities were never intended to accommodate the number of today's travelers.

If we were to take each of these 467 million passengers and assess them one dollar per person, in your first year you would have $467 million.

Now, we are talking about perhaps multiple fees for multiple landings at multiple airports. So you are looking at money here to accomplish the things that we want to see happen.

The business traveler carries his or her full share of the load. NBTA surveys, and other polls conducted by various media outlets, have indicated that the corporate consumer does not object to paying the existing taxes but deeply resents not getting what was promised by the original legislation.

Therefore, the introduction of any passenger facility charges should be preceded by a firm resolution of the loose ends presently dangling from the existing airline trust fund. Every conceivable reassurance regarding the amount of a passenger facility charge, its application, and a time frame detailing when these funds would have to be committed to a certain project, would have to be spelled out by legislation.

This same legislation should also take into account that the volume of traffic in and out of major carrier hubs will generate a considerable degree of funding for the giant airports, while creating a much smaller source of capital for less prominent facilities. This factor may play a role in altering certain aspects of competition.

Mr. Chairman, this testimony is given from the position that some sort of passenger facility charge will inevitably evolve within the next two years. The National Business Travel Association would support any reasonable measure that prompted a new and expeditious revitalization of the country's air transportation resources.

No one likes to pay more than they have to for anything, but extending the effectiveness of the air transportation system into the next century will undoubtedly require some attention to creative, but sane, methods of alternate financing.

Our membership fully understands that any measure of improvement will come at some degree of cost. We would like to see this cost evenly distributed between the immediate users of the system and all of those who benefit from the system as well.

The National Business Travel Association, and probably a vast cross-section of the traveling public, would balk at any passenger facility charge that could be imposed, or altered at whim, by any individual airport or municipality. The business traveler is already paying more than his or her fair share of the existing system.

Dramatic steps would have to be taken to insure that airports, port authorities, municipalities, or State governments were not given the ability to simply create arrival and departure taxes under the guise of passenger facility charges.

Once again, I would like to thank the subcommittee for the opportunity to express this viewpoint.

Mr. OBERSTAR [presiding]. Thank you very much, Margie.

I know Congressman Lewis has already welcomed you and expressed the subcommittee's appreciation. I would like to thank you for your patience throughout a very long day, and to not having the audience of hundreds that were here earlier in the day, to assure you that nonetheless——

Ms. CRACE. That is all right. You came back.

Mr. OBERSTAR [continuing]. Your testimony is significant. It is important. That is why we asked you here. Your comments represent a very significant segment of the traveling public, a $30 billion segment of fares paid each year.

The views of those you represent are vitally important to this subcommittee as we progress with the pending subject of PFCs and the general issue of reauthorization of the airport programs.

Dr. Cooper.

Mr. COOPER. Thank you, Mr. Chairman. We are not very big fans of head taxes because they are rather blunt instruments for raising funds. They can create inequities between business and pleasure travelers, between commercial and general aviation.

We do feel things have gotten so out of line in the funding of aeronautical activities, that if PFCs are the quid pro quo for a thorough reform of funding, we can live with them.

Frankly, we are sick and tired of paying for airports in the price of our hot dogs and rental cars, when other people who should be paying aren't.

In fact, today you expressed a concern that a Minnesotan passing through Chicago doesn't get milked on his way to the south. I assure you if he rents a car when he gets to the south, he will get milked an awful lot more than he would in Chicago by a PFC.

The structure is seeking him as that passive cash cow. I heard today, for instance, we have no way to collect money from general aviation.

I would say why not add it to their current bill when they use the airport, just add it on to whatever bill they generate. Maybe they don't generate a bill. Maybe they get off scot-free.

In fact, that is a fundamental inequity in the system.

We are tired of having the wrong people pay for airports.

We are also sick and tired of paying excessive fares for tickets at airports that major airports where airlines have a stranglehold, and frankly, that was a word that Secretary Skinner used today and I hope he uses it when he comes up here to talk about airline regulation and so forth. It is an important word.

We are also sick of being exposed to excessive risks and excessive delay because of strained capacity in the system. This, airports need funds, but they also need to rationalize their pricing and Congress needs to assure that we get competition in the industry.

We see a passenger facility charge as part of a four-piece package that goes together, absolutely goes together.

Secretary Skinner said he would talk about this, that, and the other things. I want to see the whole package right here before you before we will endorse it. With three goals.

Equity for the traveling public, efficiency in pricing, and competition in the industry.

First, funds collected from the traveling public in the name of airport improvement have to be expended for those. You can't dip into our pocket a second time until you show me a plan for using the money you collected the first time.

Second, the current requirement that fees be just and reasonable for aeronautical activities has to be extended to all the activities of airports.

The Department of Transportation has interpreted its rules very narrowly and very badly. We have to have rational, cost-based pricing for everything the airport does before we let them back into our pockets.

Third, we believe that special provisions must be made in any package to, one, enhance competition by breaking down the dominance of hubs, and support service to smaller communities. You have heard a couple of recommendations about that. We recognize the function of hubs.

But we challenge the need for fortresses. Behind those fortress walls, we pay too much for service that is inferior.

So with those three pieces in placer—and let me make it clear that those three pieces have to be there—we come to the source of additional funds, one of which could well be a passenger facility charge.

We believe that such charges should be limited by Federal law as to amount and purpose. Airports should be required to make a showing to the Department that, one, capacity is needed, that the ability to generate revenues is limited, and that the fee structures through which revenues are generated are just and reasonable and rationally related to cost.

That showing should be made after a full and fair opportunity for participation at the local level. We think that PFCs should be project-related and project-specific. They should not generate revenues beyond those needed to execute the specific projects for which they were proposed.

We believe that the PFC should partially be offset by a reduction in drawing rights on other funds and that the funds thus freed should be used for pro-competitive expansion at hubs, provision of service to smaller communities and improvement of the air safety system.

Finally, in order to assure that there will be an ongoing incentive to actually spend the trust fund, we think there should be a direct link between the dollar value of PFCs and the expenditure of the trust fund.

So it is not only one time, spend it down once, but we need a structure that gives everyone a strong incentive to keep spending to keep improving the system.

Thank you, Mr. Chairman.

Mr. Oberstar. Thank you very much. I appreciate your very concise, direct, to-the-point testimony, and your observations on how the PFC concept should actually be allowed to fly out.

If I may pick up on the last point, how would you—I can conceive of a means by which we would force the spend-down, by using a trigger mechanism so that the PFC wouldn't become operative until the balance of the trust fund had been spend down to some pre-agreed upon level.

But how would you then assure that the current cash flow of monies into the trust fund for the ticket tax and other sources continued to be spent at the levels authorized by the Congress?

You know, as an incentive to continue to receive the PFC?

Mr. Cooper. Well, you could have a trigger in the opposite direction or a freeze in the opposite direction. That is if the buildup exceeded the original trigger, PFCs could become null and void. It could work both ways. There is no reason a trigger works only the first time. It can keep firing. You can imagine if people are looking at a potential freeze on that flow of funds. There would be a great deal of pressure and incentive to keep the administration spending those funds. Or, there could be a partial freeze.

You could structure that in a variety of ways. Clearly, that is the kind of political incentive you have to have to make sure that, as Mr. Mineta put it, the bean counters at OMB don't wake up one morning and say let's stop spending it.

If you threaten a freeze on everyone's PFCs, there will be a lot of people—not only consumers and other kinds of folks beating on OMB to keep the money flowing.

Mr. Oberstar. Such a trigger, however, in the latter concept that you just expressed might devalue the bond raising capacity of a PFC. Supposing, on the other hand, we said we will authorize it for a specific number of years, two years, and come back to review the program at the end of that time.

Mr. Cooper. Obviously the problem there is most capital programs exceed the two years. That devalues the PFC. That is another approach, to have the ability to renew a PFC contingent upon the good faith effort.

I would argue that under that sunset provision, I would also argue I would like to come back and see whether I agree with the way DOT is interpreting just and reasonable for the fee structures.

Mr. Oberstar. That would be the point of having a cutoff.

Mr. Cooper. Sunset is a perfectly reasonable way to make sure that we get all four pieces of the package. You are right. Any one of those four pieces can go away. I have no problem with the sunset. The one thing I would stress is that I think any individual PFC should sunset when the project is done. They need to be project specific.

Mr. Oberstar. You come down very hard on the project specific track as opposed to the general revenue stream?

Mr. Cooper. Absolutely. What we are talking about here is a specific purpose, to alleviate a specific problem. We don't see it as a general stream of revenue.

Mr. Oberstar. Both you and Ms. Crace in her testimony, and yours, have raised the red flag of concern about off-airport projects, a concern that this very generous revenue stream not be used to fund projects that do not directly benefit the air side of the capacity issue?

Isn't that correct?

Ms. Crace. Well, I think if you are talking about—here again maybe I am changing the subject. I keep hearing the word "trigger" tax. You were almost talking about a reverse trigger tax. The trigger tax didn't work in the case of the aviation trust fund.

What the government did is change its mind about the trigger tax. Am I correct?

Mr. Oberstar. It has had negative effects. It can be argued the trigger and the penalty clauses did force some upward spending out of the trust fund, but not anywhere near the amount anticipated.

Ms. **Crace**. Right.

Mr. **Cooper**. I think, as I said, my condition is capacity-related. Where you draw the line, I don't know how firm you can be. I think you want to draw it at the gate or maybe including the gates. I certainly would include the gates because that is the way we get pro competitive expansion.

I frankly have to take a hard look at whether you could identify dedicated traffic flow facilities to the airport. There obviously is a certain amount of distance from the airport, you could argue. You need to facilitate that.

But also, I am sympathetic to your concern once you start moving the line. It ends up downtown, which is probably a mistake. Clearly, we would see it extending at least to the gate and we could see extending the rationality into the terminal; that is the fee structures for terminal services and airport services have to be rational.

We could see spending funds for the airport as an entity. How far outside you go to feeder roads is a tough problem.

Mr. **Oberstar**. Those airports where the authority is controlled by the mayor, the city council, and they appoint the commissioners or they are the commissioner and there are many variations upon that theme all across the country. I have a vision of kind of creeping away from the purpose of airport capacity, where people will argue, "Most of the folks who live on this side of town drive to the airport. Let's extend the access road." Pretty soon you are doing curb, gutter, sidewalk, storm sewer. None of that has anything to do with airport capacity.

Mr. **Cooper**. Again, I would like to see a DOT finding that the project is needed for capacity reasons. In the legislative history of the law, clearly curb sides, gutters, those kinds of things could well be precluded. Crafting the specific language to let in the good ones and keep out the bad ones is hard, but, remember, what my notion is is that the ultimate authority will be at the DOT governed by the legislative history this committee writes.

So I think I am in sympathy with you. It is not going to be the mayor saying let's build one of these and not having to defend that in the context of your legislative history. It is the DOT saying, okay, you can build one of these, and then an airline or a consumer group or another user can challenge that in court, because it is a DOT finding, very important, to say wait, that violates the legislative history of this act.

I think that that is the check I would put on the local government tapping into the PFC funds.

Ms. **Crace**. Our concern——

Mr. **Oberstar**. You addressed the same subject in your testimony?

Ms. **Crace**. Yes. The NBTA's concern is that this money, in fact, be spent for the purpose for which it was collected: airport capacity be improved, security systems be improved, that this money be spent to improve the lot of the traveler.

I think that we have been hit with all kinds of—read my lips, user fees, whatever you call them. The price of an airline ticket is going up, up, and up. Those cities that have hubs, I can see a real inequity forming in PFCs in those cities that have hubs.

Mr. **Oberstar**. They would be greatly enriched as compared to other airports?

Ms. **Crace**. That is correct. I don't think it will create the competition I am hearing. I think it will enrich those hub cities rather than create the competition, and Cincinnati is a perfect example of this.

We are a hub city for Delta Airlines. The NBTA is not anti any airline. We are pro competition. We think that is what makes the United States so fantastic. When you have a hub city, when you live in a hub city, a lot of your travel is controlled by that particular airline. So there isn't an awful lot you can do about it.

I think this is only going to make the situation worse if, in fact, it is not handled properly.

Mr. **Oberstar**. If there are no safeguards against the carrier being able to stifle competition by limiting the number of gates that can be built. I think Dr. Cooper's point is well-taken. Funding should specifically include gates. There may be a consultation with carriers as we heard earlier, that there ought to be some—the Secretary ought to be in a sense the tie breaker, a decision-maker on those matters so a carrier cannot stifle competition by limiting not only AIP funds, but PFC funds in such a way that it can prevent a competitive carrier from serving that airport.

Ms. **Crace**. That's correct.

Mr. **Cooper**. That's correct.

Mr. **Oberstar**. Mr. Clinger.

Mr. **Clinger**. I want to thank both of you for being here today and for your patience in waiting us out. The votes that have intervened made it a long day for everybody.

Just a couple of quick questions. I think the issue that we have grappled with all day today is if a PFC is imposed, how do we make sure one, we don't have the balkanization of our airport system in this country which has been really an excellent one and that we don't have all sorts of anomalies developing as a result of what various airport authorities or cities or whatever may do with PFC.

The question, then, arises what authority should the Department of Transportation, i.e., the Secretary of Transportation, have? The Secretary indicated that as long as it was an AIP approved project, that would be enough. In other words, there would be no kind of quality review of the project.

On the other hand, there is a feeling that perhaps there should be a tighter review, both on the amount of the PFC that might be authorized and the project. What would be the view of your associations?

Ms. **Crace**. I believe that we would support the Department of Transportation being the ultimate nay-sayer, if you will, or yea-sayer, whatever it might be. But here, again, there is a real credibility gap because they are also the nay-sayer and the yea-sayer in the aviation trust fund.

So what assurances are we going to be given about this?

Mr. **Clinger**. Well, yes. In other words, you would like to have some sort of action forcing mechanism on the Secretary?

Ms. **Crace**. Yes. We want something in place that will force them to do what they say they are going to do. In that case, my association would be willing to back the charge.

We realize capacity has to be improved. The air traffic control system has to be improved. You are talking about gutters and sidewalks and roadways. You know, anyone who has tried to get to an airport and sat in line an hour waiting in traffic to get there knows that is a problem also.

So, I don't—I have kind of mixed emotions about that.

Mr. CLINGER. I think I understand. We are all concerned with the fact we can solve all the problems on the airport property itself and still have a terrible capacity problem. You can't get people to and from. But I am not--I don't think, at least my view at the moment would be the PFC is not the proper place to go about meeting those off-airport needs.

They are there, they are real, they are going to have to be addressed. I am not convinced this is the place to be addressing that; that we really have to, in order to avoid what might happen if we sort of said go ahead and use it for anything that will improve access. I don't think that would be a good idea.

How about you, Dr. Cooper?

Mr. COOPER. I clearly have a more specific agenda than the AIP, if I am going to buy into a PFC. Basically, I see a very strong pro competitive need and I see as a quid pro quo for this the freeing up of monies into the AIP for smaller airports. So I would see those as working together to achieve two important goals.

I also see a review of fee structures. When Congress passed a series of laws, they told the airports to go out and raise money.

But they never said do so in a fair manner. They did say do so in a fair manner, but the FAA said, we are going to stop at air side, and we don't look at what you do on the land side. That is the result. We get outrageous prices for things at the airport.

I would see a more vigorous role for DOT that is attached to what is a very big stream of money. It is a large stream of money. I think it is perfectly proper for us to say, here is the specific goal we want. In this case, it is equity, efficiency, pricing and competition. My charge would be more specific than just the AIP criteria.

Mr. CLINGER. Who should pay? In other words, we had basically your folks are going to pay and consumers are going to pay. What about the non-revenue people? What about the general aviation people? What about the air express people and so forth?

Ms. CRACE. I can speak from my company standpoint on the general aviation fund. I would address that issue.

Our chairman feels, and I have discussed this with him, our chairman feels that with corporate aircraft, a company should be willing to pay a premium cost, if you will, to take off and land at certain airports at peak times. I mean, his feeling is, if you have to ask the price, you can't afford the plane. So he feels that a corporation who has corporate aircraft, a fleet or even one, if you have to ask the price, then you shouldn't have it. So his feeling is you should be willing to pay that.

As far as the non-revenue passenger goes, that gets into another issue of taxation on frequent-flyer points. Those people travel free. If you are an airline employee, you pay the tax on that ticket. So it is not just on space available. It is space available, but you are also—I think it is on international flights, too—you have to pay a tax. So on the question of frequent-flyer points, you know, we have been waiting for someone to come along and the government to come along and decide to tax that. That is a huge sum of money.

My company happens to have a policy that those points come back to the company. At first it was like, you know, World War III and Vietnam and the whole world coming to an end when we put it in place. Nevertheless, it is in place. My company realizes about 10 percent of our air travel budget per year in returns on that.

Now, if, from what I have been reading, if the government should decide to tax that, my company would in fact probably be in a very good position because we wouldn't be taxed on it. The individual traveler would most likely, who was using it, whose company allowed it to come back to him or her would most likely have to pay a tax on it. But the company, these tickets come back to my company so we have already paid the tax on it. They belong to us, and we are using them.

That wasn't a real popular policy, to begin with. Nevertheless, it has been a very lucrative one for the company.

Mr. CLINGER. Dr. Cooper?

Mr. COOPER. People who use the airport ought to pay it. People who use it in similar ways should pay similar fees. They should be in proportion to the cost they cause. A very straightforward principle.

We are trying to get away from a series of completely irrational pricing systems. I find it odd when people say, how are we going to get general aviation to pay? It suggests to me general aviation isn't paying today. That is a big part of the problem. They are using it, but they are not paying for it.

Mr. CLINGER. Your position is basically everybody should pay?

Mr. COOPER. Yes, and they should pay in proportion to the cost they cause.

Mr. CLINGER. Did I understand both of you to support the idea that a reallocation of funds would be withheld from those airports charging PFC, that could support a formula that would provide for smaller and regional airports to receive a set percentage of those funds?

Ms. CRACE. I think so, yes.

Mr. COOPER. I think that is part of the solution to the concern about the double taxation of rural travelers.

It is interesting to me in every conversation everyone assumed every airport would have a PFC. That is wrong. If you are originating at a small rural airport that is not capacity constrained, there wouldn't be a PFC there. When you get to Chicago and change planes, you will pay one PFC. I can see a case in which when you go from New York to Los Angeles through Chicago, you end up paying two PFCs, one in New York because they are capacity constrained, one in Chicago because they are capacity constrained.

The rural traveler who starts and gets to Chicago will only pay one because his airport, if it is not capacity constrained, has no business with a PFC. I would hope that my notion of how you implement this is if you don't need it, you don't get it. You don't ask for it because you are actually taxing local people. So if it is in excess, it is in excess.

Second of all, if you don't need it, the Secretary of Transportation wouldn't give it to you. Our notion is, if you make it work correctly, those airports who might want a PFC, if you fatten up the AIP fund for them, they have a way to avoid it. I think that would establish significant equity in the system.

Mr. **OBERSTAR**. Thank you. A very good statement. Very good insight on this issue.

Mr. Lewis?

Mr. **LEWIS**. Thank you, Mr. Chairman.

I think Ms. Crace and Dr. Cooper have stated their position in such a superb fashion that I don't have any questions.

Mr. **OBERSTAR**. Ms. Crace, do you feel that approval of a passenger facility charge should be withheld or in some way tied to some mechanism that would kick in when the surplus has been drawn down to some pre-agreed-upon level?

Ms. **CRACE**. I think that is a workable notion that should be considered, definitely. As I said, our members feel that this is ultimately going to happen. So what we are concerned with is seeing that it happens in the proper manner.

I think what you are suggesting there could be a very workable alternative.

Mr. **OBERSTAR**. Dr. Cooper has already addressed that matter. He has also addressed the matter of assuring competition by saying that the effect of any PFC should be pro-competitive. Does NBTA have the same concern that funding from a PFC be so applied as to assure competition, particularly at single carrier dominated hubs?

Ms. **CRACE**. Well, that has to be a real concern to those of us who are moving people across country at two or three major airports that are hubs.

I might send a traveler from Cincinnati to Chicago to Dallas to Los Angeles. How many PFCs would he pay? It has to be a concern.

Mr. **OBERSTAR**. But you also have to be concerned that, at the various airports or communities to which you are sending your business traveler, that there be a selection of carriers and not just being stuck with one carrier who can dictate the price?

Ms. **CRACE**. That is correct. We are pro-competition. We see more and more, you know, once deregulation happened, the airfares dropped dramatically. People began to fly. That created a capacity problem. And now we are having to deal with trying to increase capacity.

The airfares are going up. The airfares are becoming very high again. So we are interested in—plus, you know, the airlines are putting in place different things to try to stymie you from getting a discounted fair.

Corporate travel managers are savvy when it comes to finding discounted fares. As sure as you find a way, and somebody in management is there watching that computer, and as soon as my computer starts putting through all kinds of fares to Los Angeles, where we found one where you could go for 19198, the guy watching yield management will put a zinger in there saying your wife's name has to be Jean and you have to wear green underwear or you are not going to get this fare. That is what is going to happen.

Mr. **OBERSTAR**. We will bring you back when we have consumer hearings.

Ms. **Crace**. It is a constant warfare, if you will, for the corporate travel manager to try to find these fares. Once this fare is identified and we begin to put our people on it, that person in yield management is watching it. He or she is going to do something very quickly.

You know, now you have to stay over a Saturday night and now it is travel Tuesday, Wednesday and Thursday, which makes it cheaper. It used to be all you had to do was stay over Saturday night. You could book it seven days in advance. Now they have made it 14 days. It is just becoming extremely difficult to try to save your corporation money these days.

Mr. **Oberstar**. In sum, I think both of you want some constraint, at least exercise, or oversight role by the Department of Transportation. You want to see that whatever development occurs as a result of passenger facility charge is part of a national system of airport development, that the investment to be used to enhance capacity at the airport and continue competition will be competitive and that to the greatest extent possible, funding be limited to the air side of the airport.

You are cautious about extending any passenger facility charge funding authority beyond on the land side of the airport. Would you also want to see restraint or a showing by the airport that the project cannot be financed by other means?

Ms. **Crace**. I think there has to be some form of accountability by the regional, the local airport authority. I think there has to be some form of accountability, even if it is controlled by the DOT; there has to be some form of accountability.

Mr. **Cooper**. Let me comment on that.

Mr. **Oberstar**. With your project, specifically, approach to a PFC?

Mr. **Cooper**. You have to remember that people seem to have lost conception that the airports are a stream of revenue. They flow at a bond. They have to generate a stream of revenues to pay it off.

When you say we will fund this project specifically with that PFC, you have to remember that is what is happened at that time is that you are freeing up the throw-off, as I think Mr. Skinner mentioned today. You are freeing up a stream of revenues. You will automatically have effect on the availability of funds to do other things. So that the distinction between land side and air side today, when I pay for my hot-dog or my rental car, I am probably generating a throw-off that is funding the air side.

What we need, and to think of the two as split misses the fact that it is just a stream of revenue. They don't keep that separate. They may flow bonds for the air side, but stream of revenue comes from everything.

Now, that is why what we say is that when you, what we want to look at is that total package of revenues and make sure that stuff is rational and cost based. On the air side, we are very concerned about general aviation, not carrying its load. On the land side, we are worried about some people paying much too much compared to others.

But you are certainly right that the PFC goes for the air side, but the Secretary also looks at the total stream of revenues in order to decide whether there is revenue there and whether those revenues are being raised in a reasonable manner.

Mr. **Oberstar**. We don't have any indication yet whether general aviation, whether their national organization has taken a position on the PFC concept or not. At least they have not officially communicated to the subcommittee. But there are airports where general aviation does not pay any fee. That is a decision of local airport authorities. So your concern is well-founded.

What about a PFC to—eligibility of PFC funds for building a parking ramp which charges? As a revenue generating-facility, since 1946 it has been a pretty hot debate in the aviation community over whether aviation funds should be eligible for projects, or available for projects that generate revenue at airports.

Mr. **Cooper**. I mean those are really—I will follow your leadership on that because I am sure you have listened to a lot more debate than I have. Again, it is a question of where you draw that line. Clearly, we want to draw it at the airport. You seem to want to draw it on the air side.

I have a belief that if you, even if you draw it at the air side, it relieves the pressure on the revenue stream on the land side. I know I am making a contribution from land side to air side.

Mr. **Oberstar**. There is no question, on the land side there is the highway trust fund in which you have the interstate highway funding at 90 percent. You have the mass transit program. There are other revenue sources to get folks to the airport.

Mr. **Cooper**. Let me, let's try and draw a line because I think we are missing communication here.

When I say land side, I mean the place between where I deplane and where I exit the airport. Now, I would quickly agree with you that anything outside the airport exit, we don't want to fund that. Between deplanement and exiting the airport, I think there is a gray area. That is where—I mean, you know, I don't know in that area what should and shouldn't be. I don't know if highway trust funds can be used inside the airport and so forth.

Ms. **Crace**. But, you know, the airports are already charging people just to—like car rental companies, in order to have a desk at a counter, they have to pay the airport for that. In order for a van from a Hyatt to drive up and pick people up, the Hyatt Hotel has to pay the airport a charge. So it is not as if the airports are not already collecting sums of money.

He is right about his hot-dog and his glass of milk. Those concessions pay a percentage of that money to the airport already.

Mr. **Cooper**. Those fees should be reasonable.

Mr. **Oberstar**. All right. Thank you very much. You have both offered very thoughtful insights into the problem the committee is addressing here and helped us along our way to think through the issue of passenger facility charges as a means of enhancing airport capacity and aviation safety.

It was a very long day. For your participation, we are greatly appreciative.

The subcommittee stands adjourned.

[Whereupon, at 6:15 p.m., the subcommittee adjourned.]

[Ms. Crace's prepared statement appears on page 174.]

[Dr. Cooper's prepared statement appears on page 168.]

PREPARED STATEMENTS OF WITNESSES

CFA Consumer Federation of America

TESTIMONY OF
DR. MARK N. COOPER
DIRECTOR OF RESEARCH
CONSUMER FEDERATION OF AMERICA

ON

PASSENGER FACILITY CHARGES

BEFORE THE
SUBCOMMITTEE ON AVIATION
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES

JUNE 19, 1990

1424 16th Street, N.W., Suite 604 • Washington, D.C. 20036 • (202) 387-6121

Mr. Chairman and Members of the Committee,

My name is Dr. Mark N. Cooper. I am Director of Research of the Consumer Federation of America (CFA) with offices at 1424 16th Street, Washington D.C., 20036. Founded in 1968, CFA is the nation's largest consumer advocacy organization encompassing more than 240 national, state and local consumer, senior citizen, low income, union, farm, labor, public power and cooperative groups representing more than 50 million people.

I appreciate the opportunity to testify before you today on the issue of passenger facilities charges. As the attached excerpts from CFA's policy resolutions should make clear, we have mixed feeling with regard to these charges.

We are not big fans of head taxes because they tend to be rather blunt instruments for raising funds. They can create inequities between business and pleasure travelers and between commercial and general aviation. However, we also feel that things have gotten so out of line in the funding of aeronautical activities that if passenger facilities charges are the quid pro quo for a thorough reform of this funding, we can live with them.

> We are sick and tired of paying for airport operations in the price of our hot dogs and rental cars, when the people who cause the costs do not.
>
> We are sick and tired of paying excessive airline ticket prices because airlines have a stranglehold on gate space at some of the nations largest airports.
>
> We are sick and tired of the delays and unnecessary risks imposed on the public because the capacity of the nation's airports and airways is strained.

Airport authorities need more funds, but they also need to rationalize their pricing structures and Congress needs to ensure that the expenditure of these funds works in a pro-competitive fashion. Thus, we would envision a passenger facilities charge only as part of a four part package that achieves three goals -- 1) equity for the traveling public, 2) efficiency in pricing and 3) competition in the industry.

First, funds collected from the traveling public in the name of air transportation should be expended for those purposes. You cannot tax consumers a second time to expand capacity, until you spend the money you collected from them the first time. Congress must be willing to force the expenditure of the aviation trust fund at the same time it allows airports to dip into the public's pocket for passenger facilities charges.

Second, the current requirement that fees be just and reasonable for aeronautical related activities has been interpreted narrowly and badly by the Department of Transportation. The requirement for economically just and reasonable pricing must be extended to all airport-related activities, including landside activities and it must be pursued aggressively in an efficiency-oriented direction. If you tax consumers to expand capacity but leave the irrational pricing structures, you will quickly misallocate the space and run into unnecessary constraints a second time. Congress must be willing to stop airports from grossly overcharging for some services, while undercharging for others.

Interestingly, the Department of Transportation has recognized the need for cost-based fees.

> To the extent that transportation projects receiving Federal aid are funded through user charges, particularly as Federal aid programs are refocused, the structure of user charges must be continuously reviewed to assess the

> pattern of use on the facilities by various groups and classes of users, and to determine the appropriate allocation of costs among the groups.[1]

Airport authorities have done an abysmal job of cost allocation, seeking instead to exercise the greatest monopoly power possible in raising certain fees while protecting politically and economically powerful interests from bearing their fair share of costs. CFA's recent analysis of off-premise rental firms shows the grossest inefficiencies and inequities in the fees imposed on consumers of these services.[2] It would be unacceptable to allow airports to impose a head tax on the traveling public without simultaneously insisting that fee structures be just and reasonable and rationally related to costs.

Third, special provision should be made for funding that is targeted at breaking down the dominance of hubs by single airlines and expanding service for small communities. Unfortunately, airlines have frustrated the purposes of deregulation in a variety of ways and one of the most prominent is the emergence of fortress hubs. Behind these wall consumers are forced to pay too much for service that is not anywhere near as good as it should be.

We recognize the economic functions of hubs, but we challenge the need for fortresses. One important ingredient in breaking down the walls is to create the ability to expand capacity that is not under the control of the currently dominant airlines. Congress must be willing to stipulate the procompetitive use of these new funds.

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[1] Moving America: New Directions, New Opportunities, February 1990, p. 75.

[2] Consumer Federation of America, Airport Fees for Auto Rental Companies: A Consumer Perspective (June, 1988) and Airport Pricing of Access for Off-Premise Auto Rental Companies: The Growing Pattern of Abuse (April 24, 1990).

Finally, we come to the source of additional funds needed to expand capacity. A properly structured passenger facilities charge, as part of an overall reform is one possible answer.

We believe that such charges should be limited by federal law as to amount and purpose. Airports should be required to make a showing to the Department of Transportation that capacity is needed, that their ability to generate revenues is limited and that their fee structures are just and reasonable. That showing should be based upon a fair regulatory process at the local level in which airport users and local residents have had full participation in the decision.

We think that the PFC should be project-related and project-specific. It should not be a permanent tax. It should not generate revenues beyond those needed to execute the specific undertakings for which they were proposed.

The PFC should be partially offset by a reduction in the drawing rights of the airport on Airport Improvement and other Trust Funds. Funds freed should be targeted at those problems which the deregulated air travel industry is least able to solve through it market dynamics -- pro-competitive expansion at hubs, provision of service to smaller communities, and improvement of the air safety system.

In order to ensure that there will be an ongoing incentive to expend the Trust Fund, we believe that the imposition of PFCs should be directly linked to expenditure of the Trust Fund.

CONSUMER FEDERATION OF AMERICA POLICY ON THE ISSUES RAISED BY PASSENGER FACILITIES CHARGES

TRUST FUNDS

CFA believes that Social Security and other dedicated trust funds, which have been employed in recent years to mask the true federal budget deficit, should be placed off-budget (p. 81).

Funds obtained through passenger ticket and fuel taxes should be promptly spent for needed aviation safety improvements (p. 126).

EQUITY IN TAXATION

Consumers are entitled to a fair and progressive tax structure. The goal of reform should be to assure that adequate revenues are available for government needs ant that those revenues are acquired from all citizens, according to their ability to pay taxes (p. 118).

THE NEED FOR EFFICIENCY IN TRANSPORTATION

Transportation is a necessity of modern life. Consumers and producers in our economy rely on modern, efficient transportation to provide us the commodities to fulfill our basic need of food, shelter, and clothing as well as to provide us with opportunities to earn a livelihood and enjoy the pleasures of modern life.

As a result, CFA urges a balanced transportation program so that consumers will have a variety of modes to chose from when selecting the system most appropriate to their needs (p. 120).

THE NEED FOR IMPROVED AND EXPANDED AIR TRAVEL CAPACITY

CFA is concerned that the Federal Aviation Administration (FAA) has not been provided the resources to create the safety infrastructure to accommodate the vastly expanded use of the airways by commercial and general aviation. Congress and the Administration must respond to the FAA's pressing need for more fully trained air traffic control personnel, inspection personnel and air traffic control information systems (p. 125).

Delays and cancellations must be reduced through more realistic scheduling, better routine maintenance, and improved air traffic control both in the air and on the ground (p. 126).

SOURCE: Consumer Federation of America, Policy Resolutions: 1990.

Testimony Of:

Margie L. Crace

President

National Business Travel Association

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For The Committee On

Public Works And Transportation

U.S. House Of Representatives

The Subcommittee On Aviation

Passenger Facility Charges

Tuesday, June 19, 1990

Good morning Mr. Chairman and distinguished members of this subcommittee. I would like to thank you for this opportunity to present the viewpoint of the corporate consumer and the business travel manager regarding the development and implementation of passenger facility charges. My name is Margie L. Crace and I currently serve as the President of the National Business Travel Association, as well as the Manager of Corporate Travel for the Cincinnati-based Chemed/Dubois Corporation.

The National Business Travel Association represents the specific interests of business travelers, the financial concerns of corporate consumers, and the welfare of the general traveling public in all fifty states. Our membership is comprised of a major cross section of industrial America, including defense contractors, the energy industry, the banking community, heavy manufacturers, major educational institutions, communications firms, prominent publishing houses, and light manufacturers. Our affiliated membership draws support from nearly 5700 business travel professionals in 41 regionally-based organizations, bringing the NBTA's annual contribution to the business travel industry to an approximate $30 billion. This amount reflects a major contribution on the part of our vendor members (Allied Members), who form the cornerstone of this industry.

During the last two years, our organization has initiated a comprehensive study of the nation's existing air transportation resources in relation to the projections of an exponential boom in the number of passengers expected to pass through the system. It has been proven to our satisfaction that the country's air transportation system is thoroughly over-taxed and in desperate need of overhaul. In evaluating these resources, the National Business Travel Association considers the on-going development of ground facilities to be as important as improvements to the air traffic control system, airplane safety, and passenger security.

The nation's carriers are presently transporting in excess of 467 million passengers per year. This vast number of business and leisure travelers will pass through 521 commercial service airports, the newest of which was completed in 1972. These facilities were never intended to accommodate the number of today's travelers.

Mr. Chairman, the two major bottlenecks in the nation's air transportation system are the air traffic control system and the limited ground facilities at every major airport. In discussing airport facilities, I mean to include access roadways, parking, security systems, and other passenger support commodities. I believe that no one who travels on more than five flights per year will question the need to begin expanding each of these items in the most expeditous manner. And yet, prominent among the questions that bring this process to a grinding halt are, "Who will pay for this progress and how will the revenue be collected?"

From the standpoint of a casual glance, it may seem perfectly logical to place this burden on the broad shoulders of the airlines or the travelers themselves. The carriers, after all, derive profit from utilizing the nation's airports and travelers should be made to contribute to the system not unlike motorists passing through a toll gate. While it isn't possible to develop an accurate projection on the amount of potential revenue that such a philosophy could generate (as there are no guidelines regarding a practical amount to charge the passenger or carrier), simply assuming that each passenger could be assessed a dollar would give us 467 million dollars to start with.

Unfortunately, this philosophy of generating additional funds does not take into account the fact that the airlines are strapped for cash in the current economy and that the nation's travelers are not a realistic source of infinite income. The country's air transportation system is a national asset that is the very cornerstone of commerce. Virtually every man, woman and child in this country derives some benefit from this asset even if they are one of the dwindling few who have never flown before. The federal government must be made to realize that every aspect of the air transportation system, whether it be a ground facility or one of the components of flight, is part of a national transportation issue and not simply another concern for the airlines. Pushing the financial burden of airport development on the airlines would only serve to drive up already escalating air fares.

The concept of the Passenger Facility Charge is nothing new to the corporate consumer or the business traveler. The present Airline Trust Fund is, in essence, a national passenger facility charge that was intended to generate funding for the continued expansion and progressive enhancement of the air transportation system. On behalf of the membership of the

National Business Travel Association, I believe that I can safely say that the application of this fund has been a disappointment. It is this level of disappointment that makes the corporate consumer so wary of future passenger facility charges.

NBTA surveys, and other polls conducted by various media outlets, have indicated that the corporate consumer does not object to paying the existing taxes but deeply resents not getting what was promised by the original legislation. Therefore, the introduction of any passenger facility charges should be preceded by a firm resolution of the loose ends presently dangling from the existing airline trust fund. Every conceivable reassurance regarding the amount of a passenger facility charge, its application, and a time frame detailing when these funds would have to be committed to a certain project, would have to be spelled out by legislation. This same legislation should also take into account that the volume of traffic in and out of major carrier hubs will generate a considerable degree of funding for the giant airports, while creating a much smaller source of capital for less prominent facilities. This factor may play a role in altering certain aspects of competition.

Assuming that a consistent form of legislation guaranteeing amounts, application, and time frames can be developed, it will probably be necessary to consider some form of revenue sharing between airports. The passenger facility charge would, in fact, be like paying the toll at one end of a tunnel or bridge. Legislation of this nature would not lend itself to allowing for individual airports to raise the amount of a passenger facility charge after it starts collecting one nor should it permit additional charges to apply to connecting flights. There would be a tremendous temptation to simply raise passenger facility charges every time any airport improvement was considered if airport operating authorities had that option.

The strictest conceivable controls would have to be established on the uses of revenues generated by passenger facility charges. Priorities would have to be determined from the perspective of what improvements would best ease the aggravation presently suffered by the nation's traveling public. Any application of this funding would need to suit a common good. There exists a great danger in applying passenger facility charges to developing off-airport mass transit or off-airport roadways. First, this practice may circumvent the present system of floating bond issues to traditionally pay for these kinds of development. Second, the onus of responsibility for providing off-airport roadways and mass transit would pass from the state or municipality to the traveling public. Any legislation calling for the creation of a passenger facility charge should also establish some regulatory commission to oversee the management of these funds. Furthermore, passenger facility charges should not be applied to any of the items that are previously covered by the existing airline trust fund.

Mr. Chairman, this testimony is given from the position that some sort of passenger facility charge will inevitably evolve within the next two years. The National Business Travel Association would support any reasonable measure that prompted a new and expeditious revitalization of the country's air transportation resources. No one likes to pay more than they have to for anything, but extending the effectiveness of the air transportation system into the next century will undoubtedly require some attention to creative, but sane, methods of alternate financing. Our membership fully understands that any measure of improvement will come at some degree of cost. We would like to see this cost evenly distributed between the immediate users of the system and all of those who benefit from the system as well.

The National Business Travel Association, and probably a vast cross-section of the traveling public, would balk at any passenger facility charge that could be imposed, or altered at whim, by any individual airport or municipality. The business traveler is already paying more than his or her fair share of the existing system. Dramatic steps would have to be taken to insure that airports, port authorities, municipalities, or state governments were not given the ability to simply create arrival and departure taxes under the guise of passenger facility charges.

Once again, I would like to thank the Subcommittee for the opportunity to express this viewpoint.

STATEMENT OF MIMI W. DAWSON,

CHAIRPERSON, AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE

GOOD MORNING. I AM DELIGHTED TO BE HERE TO REPORT BRIEFLY ON THE EXCELLENT WORK DONE BY THE AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE.

EARLY THIS YEAR, SECRETARY SKINNER ASKED ME TO SERVE AS THE MODERATOR OF THE COMMITTEE. THE REPORT LANGUAGE THAT ESTABLISHED THE AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE REQUESTED THAT THE DEPARTMENT OF TRANSPORTATION CONDUCT A STUDY OF INNOVATIVE FUNDING MECHANISMS FOR THE PURPOSE OF PROVIDING NEEDED AIRPORT CAPACITY. THIS STUDY WAS TO INCLUDE A REVIEW OF ISSUES SURROUNDING REPEAL OF THE FEDERAL PROHIBITION AGAINST LOCALLY IMPOSED SURCHARGES ON AIRLINE PASSENGERS BY AIRPORT OPERATORS. IN ORDER TO ACCOMPLISH THIS WORK WITHIN A SHORT TIME FRAME, SECRETARY SKINNER DIRECTED THAT THE AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE FOCUS ON ISSUES RELATING TO PASSENGER FACILITY CHARGES (PFCS). MY ROLE HAS BEEN THAT OF A COORDINATOR AND CONSENSUS BUILDER RATHER THAN THAT OF A TECHNICAL EXPERT.

THE WORK DONE BY THE MEMBERS OF THE COMMITTEE REPRESENTS MANY HOURS NOT ONLY IN THE SESSIONS OF THE FULL COMMITTEE, BUT IN NUMEROUS SUBCOMMITTEE MEETINGS. THE MEMBERS GAVE GENEROUSLY OF THEIR TIME AND EXPERTISE TO CONSIDER PFCS, A

POTENTIAL REVENUE SOURCE FOR AIRPORTS THAT WE HAVE HAD LITTLE RECENT EXPERIENCE WITH IN THIS COUNTRY. THE COMMITTEE MEMBERS EXERCISED THE REPORT. THIS IS A MOST SIGNIFICANT ACCOMPLISHMENT IN VIEW OF THE DIVERSE INTERESTS OF THE ORGANIZATIONS REPRESENTED.

FROM VERY EARLY IN THE COMMITTEE'S DELIBERATIONS, THERE WAS A MUTUAL UNDERSTANDING THAT THE COMMITTEE RECOMMENDATIONS WERE TO REPRESENT A CONSENSUS ON ACTIONS TO BE TAKEN IN THE EVENT THAT PFCS WERE AUTHORIZED. THE COMMITTEE OFFERED NO RECOMMENDATION ON WHETHER A PFC SHOULD BE AUTHORIZED OR WHETHER THE CURRENT AIRPORT SITUATION REQUIRES THE INSTITUTION OF PFCS, SOME MEMBERS FELT THAT CURRENT SOURCES OF FUNDS WERE ADEQUATE; OTHERS BELIEVE NEW SOURCES OF REVENUE ARE NEEDED. HOWEVER, A GENERAL CONSENSUS WAS REACHED ON MANY ISSUES RELATED TO A MECHANISM FOR THE COLLECTION AND EXPENDITURE OF PFC REVENUES IN THE EVENT THAT FEDERAL LAW IS CHANGED SO THAT LOCALLY IMPOSED PFCS ARE PERMITTED.

I WILL NOW SUMMARIZE THE COMMITTEE'S MAJOR RECOMMENDATIONS. THESE RECOMMENDATIONS INCLUDE THE GENERAL CHARACTERISTICS OF A PFC, THE AMOUNT OF THE CHARGE, THE RELATIONSHIP BETWEEN THE REVENUES COLLECTED AND THE AIRPORT IMPROVEMENT PROGRAM GRANTS, THE USE OF PFC REVENUES, AND ADMINISTRATIVE ASPECTS OF PFC COLLECTIONS. I AM ALSO PROVIDING A COPY OF THE COMPLETE SET OF RECOMMENDATIONS FOR THE HEARING RECORD. WITH RESPECT TO THE GENERAL CHARACTERISTS OF PFCS, IT WAS

RECOMMENDED THAT THEY SHOULD BE FEDERALLY CONTROLLED, LOCALLY IMPOSED, USER CHARGES. PFCS WOULD BE IMPLEMENTED SINGLY AT THE OPTION OF INDIVIDUAL AIRPORTS, AS OPPOSED TO BEING A UNIVERSAL CHARGE AT ALL AIRPpORTS. THE BASIS FOR JUSTIFYING A PARTICULAR LEVEL FOR A PFC SHOULD BE THE COST OF SPECIFIC ELIGIBLE PROJECTS AT THE IMPLEMENTING AIRPORT.

THE COMMITTEE BELIEVES THAT, IN ORDER TO BE A FULLY USEFUL FINANCING MECHANISM, A PFC MUST REMAIN AUTHORIZED UNDER FEDERAL LAW FOR A PERIOD OF TIME COMPATIBLE WITH THE FINANCING OF THE PROJECT. WITHOUT THIS PROTECTION AGAINST CHANGES IN THE LAW, PFCS MAY BE OF LITTLE USE IN FINANCING AIRPORT CAPACITY DEVELOPMENT.

FOR REASONS OF ADMINISTRATIVE EASE, PFCS SHOULD BE LEVIED AT SPECIFIED WHOLE DOLLAR AMOUNTS PER ENPLANEMENT PER PASSENGER, WITH A CEILING OF $3 PER CHARGE. HOWEVER, THERE SHOULD BE A PROCESS THAT ALLOWS THE SECRETARY OF TRANSPORTATION TO WAIVE THE CEILING ON PFCS UNDER CERTAIN CIRCUMSTANCES. THERE WAS A CONSENSUS THAT IT IS PROBABLY APPROPRIATE TO CHARGE A REDUCED PFC FOR NON-CONNECTING PASSENGERS DEPARTING ON SHORT HAUL FLIGHTS TO SMALL COMMUNITIES.

NO LIMIT WAS RECOMMENDED FOR THE TOTAL NUMBER OR VALUE OF PFCS THAT CAN BE COLLECTED PER PASSENGER PER ONE-WAY TRIP. MULTIPLE PFCS WERE NOT CONSIDERED A HARDSHIP, BECAUSE THE

AVERAGE NUMBER OF PLANE CHANGES PER TRIP IS APPROXIMATELY 1.4. SOME MEMBERS OF THE COMMITTEE BELIEVED THAT PFCS SHOULD BE LEVIED ON ALL IDENTIFIABLE PASSENGERS, INCLUDING THE PASSENGERS OF GENERAL AVIATION AIRCRAFT, AND ON FREIGHT. OTHER COMMITTEE MEMBERS BELIEVE THAT INDIVIDUAL AIRPORTS SHOULD HAVE DISCRETION TO IMPOSE CHARGES ON EACH CLASS OF USER.

ALL MEMBERS AGREED THAT, IF THERE ARE CHARGES ON CLASSES OF AIRPORT USERS OTHER THAN PASSENGERS, THE SAME METHOD FOR ASSESSING A CHARGE ON EACH CLASS OF USER SHOULD BE APPLIED AT ALL AIRPORTS. THE COMMITTEE CONSIDERED POTENTIAL LINKS BETWEEN THE AIRPORT IMPROVEMENT PROGRAM AND INDIVIDUAL AIRPORT PFC REVENUES. THEY CONCLUDED THAT LARGE AND MEDIUM HUB AIRPORTS IMPOSING PFCS SHOULD FOREGO 50 CENTS OF EACH AIP PASSENGER ENTITLEMENT DOLLAR FOR EACH DOLLAR OF PFC REVENUE RECEIVED. THIS WOULD APPLY UP TO A MAXIMUM ENTITLEMENT LOSS OF 50 PERCENT OF THE FUNDS FOR WHICH AN INDIVIDUAL AIRPORT IS ELIGIBLE. THUS, SMALL HUB AND NON-HUB AIRPORTS SHOULD NOT BE REQUIRED TO FOREGO ANY AIP ENTITLEMENT FUNDS. IT WAS RECOMMENDED THAT ENTITLEMENT FUNDS FOREGONE BY AIRPORTS BE SHIFTED TO THE DISCRETIONARY FUND AND ALLOCATED PROPORTIONALLY ACROSS ALL DISCRETIONARY CATEGORIES.

THERE WAS SUBSTANTIAL DISCUSSION OF APPROPRIATE USES FOR PFC REVENUES. THE CONSENSUS WAS THAT IT WOULD BE

APPROPRIATE TO USE THESE REVENUES DIRECTLY FOR NEW CAPACITY ADDITIONS OR REPLACEMENTS OR TO SERVICE DEBT ON SPECIFIC PROJECTS SUBJECT TO AN AGREED-UPON PROJECT APPROVAL PROCESS. THERE WAS AGREEMENT TO ALLOW PFCS TO FUND ON-AIRPORT PROJECTS, INCLUDING NAVIGATIONAL AND AIRWAYS FACILITIES AND EQUIPMENT, AND AIRPORT-RELATED ENVIRONMENTAL PROJECTS. ONCE A PROJECT IS PAID OFF, THE APPLICABLE PFC SHOULD TERMINATE. HOWEVER, NEW PROJECTS COULD BE ADDED TO THE GROUP OF PROJECTS APPROVED FOR FINANCING WITH PFCS AT AN AIRPORT. PFCS SHOULD NOT BE USED FOR OPERATING EXPENSES OR FOR BUILDING UP AIRPORT SURPLUSES.

RATHER THAN ATTEMPTING TO CREATE EXHAUSTIVE LISTS OF PFC-ELIGIBLE AND INELIGIBLE PROJECTS, THE COMMITTEE DEVELOPED A PROCESS FOR PROJECT APPROVAL THAT PROVIDES OPPORTUNITIES FOR CONSULTATION BY AFFECTED PARTIES, ADMINISTRATIVE EASE, AND TIMELINESS IN ARRIVING AT DECISIONS ON PROJECTS NOMINATED FOR PFC FUNDING. THE AGREED-UPON APPROVAL PROCESS ENTAILS A NUMBER OF STEPS THAT ARE SPELLED OUT IN THE COMMITTEE'S REPORT. AIRPORTS WOULD INITIATE THE PROCESS, NOTIFY AIRPORT USERS, AND HOLD A MEETING TO PRESENT AND JUSTIFY A PFC AND PFC-FUNDED PROJECT OR PROJECTS. EACH USER MUST RESPOND WITH A TIMELY CERTIFICATION OF AGREEMENT OR DISAGREEMENT ON PROJECTS. IF THERE IS AGREEMENT, THE FAA WOULD BE REQUIRED ONLY TO PUBLISH THE PFC AMOUNT PRIOR TO PFC INITIATION. IF THERE IS DISAGREEMENT FOR AN AIP-ELIGIBLE PROJECT, FAA MUST PUBLISH A WRITTEN ORDER IN RESPONSE TO ANY USER COMPLAINT. THE FAA

IS TO DISAPPROVE SUCH DISPUTED PROJECTS IF A USER PROVIDES SUBSTANTIAL EVIDENCE SHOWING THAT THE PROJECT WILL NOT BENEFIT AIRPORT SAFETY OR CAPACITY.

IF THERE IS DISAGREEMENT FOR AN AIP-INELIGIBLE PROJECT, FAA MUST ALSO PUBLISH A WRITTEN ORDER IN RESPONSE. TO INITIATE THE CHARGE FOR A NON-AIP-ELIGIBLE PROJECT, THE AIRPORT MUST DEMONSTRATE TO THE FAA SUBSTANTIAL EVIDENCE SHOWING THAT THE PROJECT WILL ENHANCE SYSTEM CAPACITY OR SAFETY AND THAT ALTERNATIVE FUNDING IS NOT AVAILABLE.

THE COMMITTEE AGREED THAT THE FAA ACTION ON ANY LOCAL AIRPORT PFC PROGRAM SHOULD BE SUBJECT TO JUDICIAL REVIEW. IT IS THE COMMITTEE'S UNDERSTANDING THAT THE EXISTING JUDICIAL REVIEW PROVISIONS OF THE FEDERAL AVIATION ACT WOULD BE APPLICABLE TO FAA ACTIONS ON PFC PROGRAM REVIEW, IF PFC LEGISLATION IS ENACTED AS AN AMENDMENT TO THAT STATUTE.

THERE WAS SUBSTANTIAL DISAGREEMENT ON THE APPROPRIATE TREATMENT OF GATES. SOME MEMBERS CONTINUE TO BELIEVE THAT PFC REVENUE SHOULD NOT BE USED TO FINANCE NEW GATES IN THE ABSENCE OF AN AGREEMENT WITH USERS. OTHER MEMBERS CONTINUE TO BELIEVE THAT PFC REVENUE SHOULD BE USED TO FINANCE NEW GATES SUBJECT ONLY TO THE APPROVAL PROCESS REQUIRED FOR AIP-ELIGIBLE PROJECTS.

THE COMMITTEE AGREED THAT PFCS COLLECTED AT ONE AIRPORT MIGHT BE SPENT ON PROJECTS AT OTHER AIRPORTS THAT ARE CONTROLLED BY THE SAME SPONSOR AS LONG AS SUCH PROJECTS ARE AIP-ELIGIBLE AND PROVIDE SOME DEMONSTRABLE BENEFIT TO THE PARTIES PAYING THE PFC. AN EXAMPLE OF THIS IS THE PROVISION OF RELIEVER AIRPORTS TO REDUCE CONGESTION AT AIRPORTS USED BY SCHEDULED AIR CARRIERS. HOWEVER, PROJECTS AT OTHER AIRPORTS SHOULD NOT INCLUDE TERMINAL OR GATE PROJECTS EXCEPT TO THE EXTENT THEY ARE AIP-ELIGIBLE.

FOR EASE OF COLLECTION AND ADMINISTRATION, THE COMMITTEE RECOMMENDED THAT AIRLINES COLLECT THE PFCS AND PAY THEM TO THE AIRPORTS. PFCS SHOULD BE LISTED AS A SEPARATE CHARGE ON THE TICKET. THE REVENUES SHOULD BE HELD IN SEGREGATED ACCOUNTS THAT ARE REVIEWED BY AN INDEPENDENT AUDITOR. FINALLY, THE COMMITTEE AGREED THAT AIRLINES SHOULD BE FULLY COMPENSATED FOR THE COSTS OF COLLECTING THE PFCS. THE COMMITTEE RECOMMENDS THAT THE SECRETARY DETERMINE, BY REGULATION, THE APPROPRIATE LEVEL AND METHOD OF COMPENSATING THE AIRLINES FOR COLLECTION OF PFCS.

AGAIN, I WOULD LIKE TO EXPRESS MY APPRECIATION FOR THE VERY CONSTRUCTIVE EFFORTS BY THE MEMBERS OF THE AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE. IT HAS BEEN THE HARD WORK ANDEXPERTISE OF THE INDIVIDUAL COMMITTEE MEMBERS THAT HAS RESULTED IN THE RECOMMENDATIONS I'M SURE THAT THESE MEMBERS AND THEIR ORGANIZATIONS--WITH THEIR EXTENSIVE BACKGROUNDS IN AIR CARRIER, AIRCRAFT, AND AIRPORT

OPERATIONS--WILL BE AVAILABLE TO PROVIDE MORE DETAILED ADVICE ON PASSENGER FACILITY CHARGES.

U.S. Department
of Transportation
Federal Aviation
Administration

Memorandum

Subject: INFORMATION: Transmission of Recommendations of the Airport Capacity Funding Advisory Committee

Date: APR 19 1990

Reply to
Attn. of:

From: Chairman, Airport Capacity Funding Advisory Committee

To: Secretary

Today I am pleased to present to you the recommendations of the Airport Capacity Funding Advisory Committee.

The Committee has worked very hard in order to develop these recommendations, which are summarized in the attached report. This work has been extremely productive since it has resulted in a consensus on many elements of an administrative mechanism for handling passenger facility charges in the event that they should be enacted.

Members of the Committee look forward to discussing this with you personally.

Mimi Dawson

Mimi Dawson

Attachment

April 19, 1990

RECOMMENDATIONS
OF THE
AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE

The Airport Capacity Funding Advisory Committee has deliberated on the mechanics of a passenger facility charge (PFC) in the event that federal law is changed so that locally imposed PFCs are no longer prohibited.

At the onset of the meetings, some members of the Committee expressed the belief that financing currently available from traditional sources, including federal grants and bonds, is adequate to fund airport development for necessary capacity expansion. Other members expressed the belief that there is a substantial funding shortfall for necessary capacity expansion that cannot be met by these traditional sources and that PFCs represent an important source to diversify and increase airport revenues.

As the deliberation proceeded all members gained a better understanding of these disparate views. Although no consensus was attained on the overall desirability of PFCs, a general consensus was reached on certain issues related to the design of a possible mechanism for the collection and expenditure of PFCs in the event that federal law is changed so that locally imposed PFCs are no longer prohibited. This consensus of committee members may not always reflect the views of the individual members of the organizations they represent.

Characteristics of PFCs, if instituted

Passenger facility charges, if implemented, should be federally controlled, locally imposed, user charges. They should be subject to a federally administered statutory ceiling.

They should be implemented singly at the option of individual airports (as opposed to being a universal charge at all airports) and justified on the basis of the cost of specific eligible projects at the implementing airport. For reasons of both administrative ease and equity, PFCs should be levied at specified whole dollar amounts per enplanement per passenger.

The Committee believes Congress should be advised that, in order to be a fully useful financing mechanism, a PFC, if and when established, must remain authorized under Federal law for a period of time compatible with the financing of the project. Indications to the contrary will substantially decrease the utility of PFCs to support debt financing of development.

PFCs should be initially subject to a ceiling of $3 per passenger per enplanement. However, provision should be made for a process whereby the federal statutory ceiling on PFCs could be waived by approval of the Secretary of Transportation under certain circumstances.

There was a consensus that a waiver of the PFC cap should be allowed in the "changed financial circumstances" case described below. However, the group did not define a waiver process for capacity enhancement projects. It was recognized that certain capacity projects could justify a waiving of the cap and that this issue should be further considered during any Congressional deliberations on the PFC issue.

The Committee agrees that the Secretary may, upon application made by an airport operator as described below, authorize such operator to levy a PFC in an amount greater than the limit otherwise applicable, upon finding by the Secretary that:

(a) such operator has incurred debt or entered into other obligations in reasonable reliance upon forecasted PFC revenues; and

(b) actual PFC revenues are materially less than forecasted revenues, such that revenues available to meet debt service costs or other obligations are materially less than forecasted.

The amount permitted in excess of the limit otherwise applicable should be limited to the amount necessary to increase actual PFC revenues to the operator to the amount forecasted. The Secretary may limit the period of time during which this waiver is effective.

The airport operator should apply for, and the Secretary should consider, the waiver in the same manner as described below in the section on determination of uses eligible for financing with PFC revenues applicable to "Definition 2" projects (defined in the attached PFC Process Flow Chart).

PFCs within the ceiling should be adjustable semiannually with 90 days' advance notice. Dates of initiation or change should be uniform for all airports in order to simplify administration.

There was a consensus that a reduction in the PFC for non-connecting passengers departing on short haul flights to small communities may be appropriate. Because of competitive concerns, the criteria to be used for defining those passengers was deemed to be outside the scope of this Committee.

There should be no limit on the total number or value of PFCs that can be collected per passenger per one-way trip. Such a practice would involve charging no PFC to some passengers on flights where other passengers are subject to a PFC. It was noted that the lack of a limitation on charges per one-way trip is unlikely to impose a hardship, since, based on available data, a typical traveler appears to have on the order of 1.4 plane changes per trip. Further, since the PFC would be levied per enplanement, passengers would not be charged a PFC by an airport unless they change planes at the airport and surrender a ticket coupon.

Some members believe that if airports do levy PFCs they should be levied on all identifiable passengers, including the passengers of general aviation aircraft. With respect to other users such as freight carriers, an equivalent charge is appropriate. Other Committee members believe that individual airports should have discretion to impose charges on each class of user. All members of the Committee agreed that whenever the administrative costs of collecting a PFC from a class of users exceed the revenues expected, an airport may elect not to impose a PFC on such users. Also, all members agreed that, if there are charges on other classes of users, the same method for assessing a charge on each class of user should be applied at all airports.

Large and medium hub airports imposing PFCs should forego 50 cents of each AIP passenger entitlement dollar for each dollar of PFC revenue received up to a maximum entitlement loss of 50 percent of the funds for which an individual airport is eligible subject to the cap. Small hub and non-hub airports should not be required to forego any AIP entitlement funds. Entitlement funds foregone by airports should be shifted to the discretionary fund and allocated proportionally across all categories of the discretionary category.

Determination of uses eligible for financing with PFC revenues

It was the consensus of the Committee that it would be appropriate to use revenues derived from PFCs directly for new capacity additions or replacements or to service debt on specific projects subject to an agreed-upon project approval process (discussed below). Once projects are paid off, the applicable PFC should terminate. However, new projects can be added to the group of approved projects being financed by a PFC at a given airport. PFCs should not be used for operating expenses or for building up surpluses.

There was agreement that on-airport projects would be appropriate candidates for funding with revenues derived from PFCs. Environmental projects were also deemed to be appropriate, so long as the definition of eligible environmental projects is restricted to, e.g., the purchase of easements and Part-150-eligible items, but excludes the payment of court-awarded damages. The use of PFC revenues for certain kinds of navigational and airways facilities and equipment would also be appropriate.

The Committee agreed that it is appropriate for PFCs collected at one airport to be spent on projects at other airports that are controlled by the same sponsor provided such projects are those contained in definition 1 of the attached PFC Process Flow Chart. It may be appropriate for such a transfer for projects contained in definition 2 (of the flow chart). In either case, such projects funded with a PFC should provide some demonstrable benefit to the parties paying the PFC, such as the provision of reliever airports to reduce congestion at airports used by scheduled air carriers. Such projects at other airports should not include terminal or gate projects except to the extent they are AIP eligible.

PFC revenues may be used only for projects eligible under the process discussed below. These revenues may not be diverted to nonairport projects.

Rather than attempting to create exhaustive lists of PFC-eligible and ineligible projects, the Committee recommends the use of a process for project approval that is detailed below. (Also see the attached PFC Process Flow Chart.) In arriving at the recommended process, the Committee gave consideration to providing opportunities for consultation by affected parties, administrative ease, and timeliness in arriving at decisions on projects nominated for PFC funding. The agreed-upon approval process for determining the PFC-eligible projects and the amount of the associated PFC entails the following steps:

1. Airport provides written notice of individual projects being considered for funding by a PFC and the date and location of a meeting to present such projects to the users.

2. Users must acknowledge in writing receipt of such notice within 30 days of receipt. The absence of an acknowledgement by user may be deemed to be an agreement.

3. No less than 45 days after such notice the airport shall conduct the meeting at which the following will be provided to the users:
    a. individual project description(s) and
    b. justification of such project and a detailed financial plan for funding 100% of such project.

4. Each user must provide the airport with certification of agreement or disagreement of such project (or total plan) within 30 days of such meeting. The absence of such certification shall be deemed to be an agreement with project. A certification of disagreement must contain the reason(s) for such disagreement. The absence of such reason(s) will void the certification.

5. If airports develop a plan including several projects, it must be updated as the projects change but at least annually.

6. PFC program is forwarded to the FAA by the airport sponsor with the sponsor's certification of user agreement or disagreement.

7. If there is agreement, both AIP-eligible and non-AIP-eligible projects are not subject to FAA disapproval for PFC funding. The PFC program then serves as the basis for FAA to publish the PFC amount for the airport prior to each semiannual change date.

8. If there is disagreement for an AIP-eligible project, FAA must publish a written order in response to any user complaint in 60 days. For such a project to be disapproved, a user must demonstrate substantial evidence showing that the project will not benefit airport safety or capacity. If there is no disapproval in 90 days, the PFC is allowed.

9. If there is disagreement for an AIP-ineligible project, FAA must publish a written order in response to any airport seeking a project approval within 60 days. To prevent disapproval, the airport must demonstrate substantial evidence showing that the project will enhance system capacity or safety and that alternative funding is not available. FAA must disapprove in 90 days if the FAA does not reach a decision that the airport has met the required substantial evidence showing.

The Committee agreed that the FAA action on any local airport PFC program should be subject to judicial review. It is the Committee's understanding that the existing judicial review provisions of the Federal Aviation Act (Sec. 1006) would be applicable to FAA actions on PFC program review, assuming PFC legislation is enacted as an amendment to that statute.

There was substantial disagreement on the appropriate treatment of gates in the project eligibility approval process (see PFC Process Flow Chart). Some members continue to believe that PFC revenue should not be used to finance new gates in the absence of an agreement with users, while other members continue to believe that PFC revenue should be used to finance new gates subject only to the approval process required for AIP-eligible projects. The placement of gates in definition 2 reflects a compromise of airport and airline representatives and does not represent either group's preferred treatment of the subject.

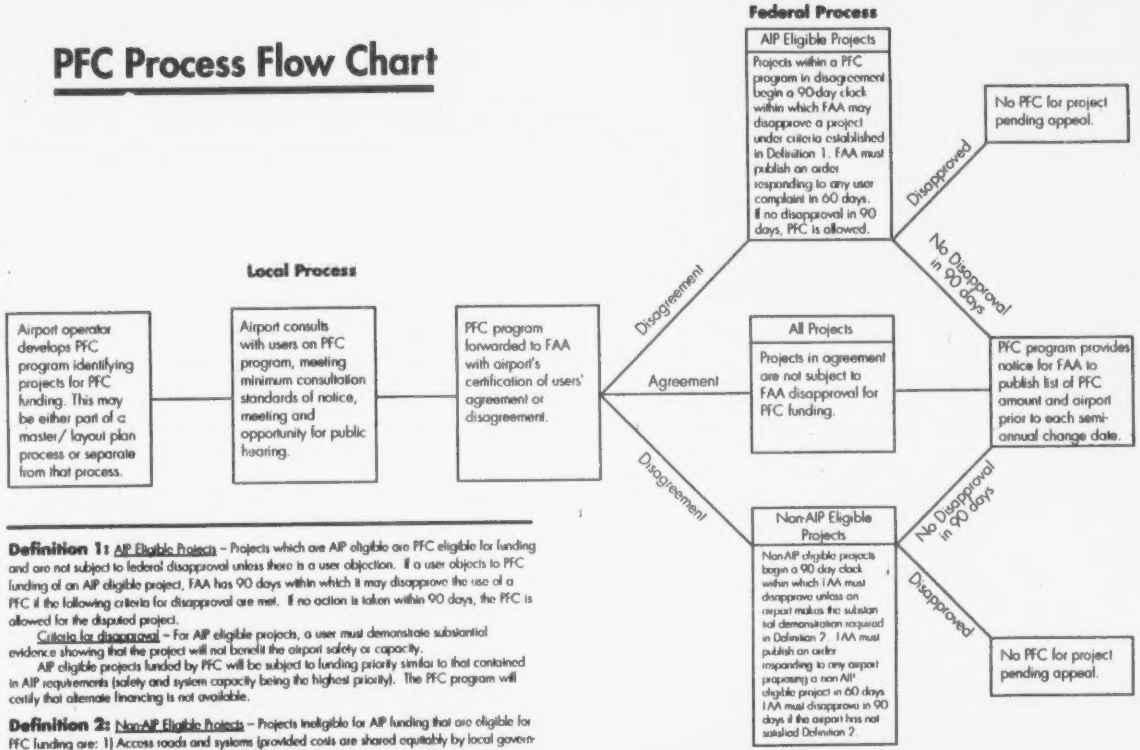
Collection and administration of PFCs

In order to assure financial integrity, minimize the administrative burden of PFC collection, and assure compensation for the costs of carrying out this system, it is recommended that:

1. Airlines should collect the PFCs and pay them to the airports.
2. PFCs should be listed as a separate charge on the ticket.
3. PFC revenues should be held in segregated accounts and audited by an independent auditor.
4. The airlines should be fully compensated for the costs of collecting the PFCs.

With respect to the issue of costs, the Committee was advised by two of its airline members that the costs of administration might be in the range of 8.8 to 18.5 percent of PFC revenues collected. The higher end of the range would result if travel agent commissions were applicable to PFC revenues. If PFCs are listed as separate charges on the ticket, this is unlikely. The Committee recommends that the Secretary determine, by regulations, the appropriate level and method of compensating the airlines for collection of PFCs.

PFC Process Flow Chart


Local Process
Airport operator develops PFC program identifying projects for PFC funding. This may be either part of a master/ layout plan process or separate from that process.
Airport consults with users on PFC program, meeting minimum consultation standards of notice, meeting and opportunity for public hearing.
PFC program forwarded to FAA with airport's certification of users' agreement or disagreement.
Disagreement
Agreement
Disagreement
Federal Process
AIP Eligible Projects
Projects within a PFC program in disagreement begin a 90-day clock within which FAA may disapprove a project under criteria established in Definition 1. FAA must publish an order responding to any user complaint in 60 days. If no disapproval in 90 days, PFC is allowed.
All Projects
Projects in agreement are not subject to FAA disapproval for PFC funding.
Non-AIP Eligible Projects
Non AIP eligible projects begin a 90 day clock within which FAA must disapprove unless an airport makes the substantial demonstration required in Definition 2. FAA must publish an order responding to any airport proposing a non AIP eligible project in 60 days. FAA must disapprove in 90 days if the airport has not satisfied Definition 2.
Disapproved
No Disapproval in 90 days
No Disapproval in 90 days
Disapproved
No PFC for project pending appeal.
PFC program provides notice for FAA to publish list of PFC amount and airport prior to each semi-annual change date.
No PFC for project pending appeal.

Judicial Review of FAA decisions for Users and Airports

Definition 1: AIP Eligible Projects – Projects which are AIP eligible are PFC eligible for funding and are not subject to federal disapproval unless there is a user objection. If a user objects to PFC funding of an AIP eligible project, FAA has 90 days within which it may disapprove the use of a PFC if the following criteria for disapproval are met. If no action is taken within 90 days, the PFC is allowed for the disputed project.

Criteria for disapproval – For AIP eligible projects, a user must demonstrate substantial evidence showing that the project will not benefit the airport safety or capacity.

AIP eligible projects funded by PFC will be subject to funding priority similar to that contained in AIP requirements (safety and system capacity being the highest priority). The PFC program will certify that alternate financing is not available.

Definition 2: Non-AIP Eligible Projects – Projects ineligible for AIP funding that are eligible for PFC funding are: 1) Access roads and systems (provided costs are shared equitably by local government from non-aeronautical sources); 2) Parking lots and structures, 3) AIP ineligible noise abatement projects, (4) Gates/Non-AIP eligible Terminal Area, and (5) Other capital projects in agreement with users to enhance the capacity or safety of the airport. Projects in agreement under this definition, as in definition1, are not subject to federal disapproval. For projects in disagreement, FAA is required to disapprove such projects within the 90 day limit if the airport does not meet the following criteria.

Criteria for Disapproval – For AIP ineligible projects, the airport must demonstrate substantial evidence showing that the project will enhance system capacity or safety, and that alternative financing is not available.

Projects which do not relate to airport system capacity or safety are not eligible for PFC funding.

Local Consultations: – Minimum standards are listed in the report.

PFC Schedule: Notwithstanding any other deadlines, the controlling factor for starting or changing a PFC will be the FAA publication of notice to the carriers prior to the semi-annual change dates. PFC programs will include projected starting dates for the PFC and the project(s) being financed.

Users: A user with standing to object to PFC funding shall be the carrier of the payor or the payor of a PFC fee at each location. Commercial passengers shall have the right to object to such charges within the local process and commercial carriers shall have the right to object in the local and federal processes. All users of an airport continue to have the right to object to projects (rather than the funding mechanism) in other existing planning and approval processes.

TESTIMONY OF
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OFFICE OF THE MAYOR
CITY OF CHICAGO
BEFORE THE
PUBLIC WORKS AND TRANSPORTATION
SUBCOMMITTEE ON AVIATION
UNITED STATES HOUSE OF REPRESENTATIVES
JUNE 19, 1990

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Good Morning, Mr. Chairman. We want to thank you for the opportunity to testify regarding Passengers Facility Charge (PFC) legislation. The City of Chicago supports legislation to remove the federal ban on collection of a PFC, which is a new financial option of critical importance to the City of Chicago. We would also like to express our special appreciation to Congressmen Lipinski and DeFazio for their efforts to bring this matter before the Committee and to thank them for introducing their bill on Passenger Facility Charges.

Wide consensus exists on the fact that the nation's air transportation system has become increasingly constrained and congested. No City is more aware of this than Chicago, which owns and operates the region's two primary hub airports, O'Hare and Midway, and the City's lakefront airport, Meigs Field. O'Hare International Airport has the highest delay level of all U.S. commercial airports, with over 100,000 hours of annual aircraft delay. Mayor Daley recognizes that solving the delay crisis in Chicago must be a driving force in both City aviation and economic development policy. He also firmly believes that our success in this endeavor, which will require construction of a new airport, will be greatly enhanced by our ability to impose a PFC.

Chicago is working aggressively to identify means to reduce delay and enhance capacity at our existing airports and has proposed plans for a new Chicago commercial service airport. However, it will be extremely difficult for us, or anyone, to implement plans critical not only to Chicago, but to the nation due to Chicago's role as the primary hub in the nation's air transportation system and as a major international gateway, unless alternative forms of revenue are identified to supplement traditional forms of airport financing. We believe that Passenger Facility Charges represent an important and effective way to diversify and increase airport capital development revenues. Our testimony will focus on four areas:

1. The Inadequacy of Airport Improvement Program (AIP) Funding;

2. Congressional Stalemate on the Aviation Trust Fund Surplus;

3. The Effect of Airline-financed Airports on Competition; and

4. The Unique Financial Needs of New Airports.

1.The Airport Improvement Program (AIP) is insufficient to meet the capital improvement needs of Chicago's airports.

The Chicago Department of Aviation has prepared a five year AIP plan for Chicago's airports. Because of federal AIP funding limitations, this plan does not include all AIP eligible projects the City is currently scheduled to implement as part of its O'Hare Development Program (ODP) plan. To implement the five year AIP plan, $370 million would be required in federal dollars, although the City projects receiving only approximately $100 million in AIP entitlements during the same period. In addition to excluding certain eligible ODP projects, the AIP plan does not include funding for capital projects now being defined in the Midway Master Plan Study, the Chicago Delay Reduction Task Force, or those which will emerge during the O'Hare Master Plan Study Update scheduled to begin later this year. Thus, even modest projections of short term capital programs show substantial AIP shortfalls.

O'Hare is one of the few airports subject to the formula cap limiting AIP entitlement dollars, resulting in a current annual loss of over $4 million in entitlement funds. If AIP appropriations are increased, a measure being considered by this Committee, the City would lose an even greater annual amount of entitlements because of the formula cap that restricts our maximum entitlement allocation. In other words, increased AIP appropriations will not materially increase Chicago AIP entitlements. Traditionally, Chicago's airports have received only minimal allocations of AIP discretionary dollars. From 1982 through 1987, O'Hare ranked 21st out of the top 24 airports in return of AIP discretionary funds per enplaned passenger.

The City of Chicago believes that AIP is an important and valuable program that should continue, but we hold no illusions that AIP will provide more than marginal funding for Chicago's immense capital development needs.

2. Congressional Stalemate on Aviation Trust Fund Surplus

Some have argued that a PFC should not be authorized until the federal "Airport and Airways Trust Fund" surplus is substantially reduced and/or the trust fund is placed off budget. We strongly support any effort to draw down the trust fund surplus (assuming such action is not at the expense of other federal transportation programs such as Urban Mass Transportation Administration assistance). However, Congress has been attempting for years to solve the trust fund surplus problem through various legislative measures which have only served to constrain federal airport assistance well below levels necessary to fund desperately needed capacity improvements. Budget limitations relating to the federal deficit have prevented Congress from reducing not only the surplus in the aviation trust fund but also surpluses in numerous other federal trust funds.

We are hopeful that recent efforts by the leadership of this committee to achieve necessary appropriation action to increase FAA and airport assistance and draw down the trust fund surplus will be effective. However, our optimism is dampened by the threat of counter budget actions that are likely to be recommended by the budget summit negotiators.

More importantly, even if the trust fund surplus were drawn down, the $50 billion in airport capacity, safety and security improvements needed over the next five years far exceed the $7 billion surplus in the aviation trust fund. Furthermore, costs associated with modernizing the air traffic control system will impose a substantial additional drain on Aviation Trust Fund revenues. We urge the Committee to not shackle the PFC to the trust fund surplus problem over which we have very little control and which can contribute little to our national airport infrastructure requirements. The surplus problem will not easily go away. The airport capacity crisis is increasing in scope. We need the revenues generated by a PFC now.

3. Airline-financed airports will not create a balanced competitive environment for existing carriers or new entrants.

At some airports, airlines have shown unwillingness to approve new capacity improvements that may increase opportunities for competitors or increase their relative costs. The U.S. Department of Transportation and the General Accounting Office have identified the lack of competitive airport gates and capacity as serious barriers to entry that have contributed to the decline in airline competition at certain airports. Furthermore, airports are often impeded in obtaining air carrier support of long term development programs because airlines are more focused on achieving quarter-to-quarter profitability then in investing in long term improvement projects.

In order to implement the massive O'Hare Development Program (ODP), the City developed a financing plan that relied primarily on airline-backed revenue bonds. With a final program cost that will exceed $2 billion, ODP has been only 1% AIP funded. As a result of financing the development program, O'Hare debt service has grown over 4,000% since 1983 and continues to grow. Terminal rental charges have increased over 600%, and airport landing fees continue to rise. The City recognizes that it must cautiously monitor its debt per passenger when considering further airport revenue bond financing. This point is of particular concern to Chicago; with the ODP not yet complete, we will initiate a Master Plan Study Update for O'Hare later this year that will lead to a large new capital program, mainly for airfield improvements to reduce delay. A Master Plan Study is also underway at Midway which will also carry significant financial requirements. The City must also assess whether the airlines will have the will to carry the enormous debt servine associated with a new Chicago airport.

As airport costs increase due to increased debt service, we must also monitor our competitive position relative to other hubs. First, we must ensure that airline operating costs at our airports do not reach levels that force carriers out of the Chicago market. Secondly, a high cost environment will create barriers to new entrant carriers and fortify market dominance by incumbent carriers.

Some would argue that the bonding power of major airports justifies their low return on AIP dollars and obviates the need for a PFC. However, credit analysts and bond rating agencies have indicated that there are limits on the amount of debt per passenger an airport, particularily a hub airport, can support. They are similarily is also concerned about the ability of domestic airlines to pay for airport capital programs at the nation's airports due, in part, to the competitve environment among air carriers and the enormous capital requirements to replace aging aircraft.

The authority to impose Passenger Facility Charges would provide airports with not only a new and supplemental method for raising capital. It would also, from a public policy perspective, place this capital under the control of local airport authorities thus enabling airports to more agressively implement capacity improvement programs and enhance safety and security and noise abatement. PFCs would provide a definite source of capital, enabling airports to plan and achieve implementation of long term development goals unattainable under today's approach to financing airport development.

4. A Passenger Facility Charge (PFC) is essential to assure the development of cost competitive new major commercial airports in urban areas served by multiple airports such as Chicago. Without a PFC the development of a new Chicago airport, wherever its ultimate location, will be significantly more difficult to finance.

In February of this year, Mayor Daley revealed a feasibility study for a new major air carrier airport (the Lake Calumet Airport concept), larger than O'Hare, on the City's southeast side. Under the Lake Calumet concept, we would be able to serve the air transportation needs of the region well into the next century. Based on the preliminary financial analysis that was part of this study, we concluded that a PFC represents the best alternative for financing a major portion of the costs of the facility without disrupting the competive position of O'Hare, Midway or the new airport, and in a manner that would not be detrimental to airline operating costs.

The extremely long lead times involved in new airport development make conventional revenue bond financing unattractive economically. While there are few recent models, the development of the new Denver airport with a scheduled opening in 1994 will have encompassed over 10 years from inception to completion. The proposed Chicago Lake Calumet Airport with its more complicated site acquisition/preparation could require up to a 20 year period until operational start-up in 2010. To illustrate the impact of the PFC, preliminary financial analyses of the $5 billion Lake Calumet project indicate that a $2.25 per passenger PFC at O'Hare and Midway in the period 1995 to 2009 would raise 40% of the total capital required to accomplish the project.

Replacing the PFC with traditional revenue bond financing (assuming capitalization of interest during the 20 year development period and the loss of interest earnings on PFC fund flows) would increase this program's financing cost substantially, perhaps by as much as $2 billion.

To be viable, a new airport must be cost competitive with others in its service area or with competing urban area hubs. In the final analysis, new airport capacity will be developed and utilized only if the resulting facilities are cost competitive with alternatives available to the airlines. This is particularly true where multiple airports serve a single region. Based on preliminiary feasiblity analyses, assuming a $2.25 PFC at O'Hare and Midway, the cost per enplaned passenger at the new Lake Calumet site was projected to be $8.61; this is very competitive with the cost per enplanement of $8.05 currently being experienced at O'Hare. Without the PFC, it is estimated that the cost per enplanement at Lake Calumet would be two and a half times greater over the first 10 years of operation.

Essential Elements of Passenger Facility Charge Legislation

The City of Chicago has long participated in efforts to develop PFC legislation. The City of Chicago served as a member of the Airport Capacity Funding Advisory Committee that produced a series of PFC recommendations for the Secretary of Transportation. Based on our prior experience, we would like to present the City of Chicago's views on the essential elements of PFC legislation.

1. Airport authority should have exclusive control over PFCs. The airport authority that has principal jurisdiction over the capital expenditures and development of an airport should have the exclusive authority to decide to impose a PFC and to determine which airport projects are to be financed by PFCs. It is essential that the local airport authority (whether city, county or political agency) vested with responsibility for the capital development of airports be given the power to designate those airport-related projects to which PFC revenues are dedicated. Because the local airport authority is best positioned to most efficiently define and respond to its particular needs, other units of government and airport users should not be able to block the imposition of PFCs or the application of PFCs to any airport-related project designated by an airport authority.

2. PFCs should be transferable among local airports. An airport authority that operates multiple commercial service airports in a metropolitan area must be permitted to use PFCs collected at one airport for captial projects at another area airport, including any new airports. Such transferability is currently permitted with respect to AIP entitlement funds. Air capacity improvements for a metropolitan area must be coordinated by the local airport authority to ensure the development of an integrated airport system.

3. PFCs should be used only for airport-related capital expenditures and development projects. Airport authorities should be given maximum discretion to apply PFC revenues to airport-related projects. PFC projects should not be limited to those which are eligible for AIP funds nor by any of the federal grant restricions applicable under AIP. PFC eligible projects should include any capital expenditures and development projects at an airport or related to the airport (even if off-site), such as capacity enhancement, airport safety and security, improvements to airside, terminal, and landside capacity, passenger and baggage loading areas, parking facilities, hangars, noise mitigation, land acquistion, site development, environmental mitigation, and transportation systems which access the airport and are substantially used for transportation to and from the airport. Requiring on-site projects to be airport-related would rule out PFC funding of hotels and convention centers. It is important that the PFC eligiblity criteria clearly include appropriate airport-related off-site project. For example, an extension of an existing rapid transit line to the airport terminal should be eligible for PFC funding, even if the extension serves intermediate stops, so long as the transit line is to be used substantially for transportation to and from the airport.

4. PFCs should be able to leverage bond financing. An airport authority should be allowed to pledge PFC revenues to back bonds for airport-related projects. Using PFC revenues to leverage bond financing will give airport authorities maximum utilization of available funds. PFC revenues would then be able to support long-term development projects, such as the construction of a new airport.

5. The PFC cap should be subject to waiver. The amount of a PFC will likely be capped at a fixed dollar amount, such as $3 per enplaned passenger. However, the Secretary of Transportation should be empowered to waive the cap in special circumstances. Circumstances justifying a waiver should include (1) the unanticipated failure of PFC revenues to match projections of revenues or construction costs utilized in the original plan for an airport project, and (2) a determination that additional PFC revenues are necessary to finance particular projects that will materially enhance regional or national air service capacity. Certain airport projects that materially enhance the nation's air service capacity may be so expensive as to justify for a period of time a higher PFC level. The Secretary's review process for waivers of the cap would be sufficiently rigorous to ensure that waivers are granted only in appropriate circumstances and under appropriate conditions.

6. PFCs should be imposed on connecting passengers. A PFC should be imposed on originating passengers and connecting passengers, whether engaged in domestic or international travel. Connecting passengers are currently counted for purposes of allocating AIP entitlement funds. The inclusion of connecting passengers with respect to PFCs recognizes the burden such passengers have on airfield and terminal facilities at hub airports, and on noise and other environmental impacts. It would be acceptable to limit to two the number of PFCs that may be imposed on a passenger in the course of a single, one-way trip.

7. Airlines should collect PFCs and remit to airport authorities. PFCs should be collected by airlines and their agents in connection with each ticket coupon. The Secretary can prescribe regulations under which the airlines would be required to remit PFC collections to airport authorities, less an appropriate allowance to cover their net costs of collection. Airlines are currently required to collect air travel taxes, so PFC collections should not be unduly burdensome.

8. Secretarial review process should be streamlined. The Secretary of Transportation should be given the authority to review airport-related projects to be funded by PFCs. However, the review process should be substanitally streamlined compared to existing federal grant programs, such as AIP. In particuler, the Secretary should have a limited period to disapprove PFC funded projects, for example, 90 days, and the grounds for disapproval should be limited to a determination that a particular project is not airport-related. Thereafter, the Secretary should have the authority to monitor PFC spending to ensure that PFC revenues remain dedicated to the proposed airport-related project. The streamlined review process is consistent with the objective that airport authorities have maximum flexibility to apply PFC revenues to their designated airport-related projects. It would be inappropriate for the Secretary to establish priorities for particular airport-related projects, or to tie approval of PFC projects to the status of projects under the AIP program.

9. PFCs should supplement existing airport revenues and not be offset by reductions in airline fees. PFCs are intended to supplement airport funds available for financing capital and development projects. This purpose would be substantially undercut if airlines were able to invoke existing contract provisions to have their fees and charges reduced by PFC revenues, or if airlines were able to forestall new capital expenditures financed by PFCs. Thus, it is important for Congress to restrict the ability of airlines and others from offsetting PFC collections or from blocking PFC financed projects. While this may entail some limitation on existing contract provisions, it is appropriate for Congress to ensure that PFC revenues are fully dedicated to new airport capital and dvelopment projects.

10. Airports that impose PFCs should not be disqualified from AIP entitlements. The nation's airport development needs are so enormous, that airports should be able to impose PFCs and still retain eligibility for AIP entitlement funds. AIP should be funded at full authorization levels. PFCs are intended to supplement, not supplant, federal participation in airport development. The authorization of PFCs should not be an

occasion for disturbing the historic balance in the AIP program between entitlement fundsand discretionary grants. In the event that Congress desires to require some forebearance of AIP entitlement funds, such forebearance should be limited to large and medium hub airports, and to only 50 percent reductions in AIP entitlements. AIP funds foregone by airports imposing PFCs should be transferred to the AIP discretionary fund and allocated in the same manner as existing discretionary funds. Airports imposing PFCs should remain fully eligible for AIP cargo entitlement funds.

CONCLUSION

Removal of the statutory prohibition on local surcharges on passengers is of critical to the City of Chicago. Our ability to respond affirmatively and allow Chicago to fulfill its mission in the nation's air transportation system will depend largely on our ability to supplement traditional forms of airport financing. We are encouraged that the Subcommittee has held a hearing on what we believe is the most viable funding alternative for airports and which holds the greatest potential of infusing needed capital into the nation's capacity strained airports. We also would like to thank the Subcommittee for providing the City with the opportunity to testify.

AIRPORT OPERATORS COUNCIL INTERNATIONAL

American Association of Airport Executives

STATEMENT OF

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AIRPORT OPERATORS COUNCIL INTERNATIONAL

and

AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

by

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Executive Director, Department of Airports
City of Los Angeles

and

Kent G. George, A.A.E.
Director of Aviation, Quad City Airport
and President of AAAE

on

PASSENGER FACILITY CHARGES

before the
Subcommittee on Aviation
Committee on Public Works and Transportation
U.S. House of Representatives

June 19, 1990

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- **AOCI represents the local, regional and state governmental bodies that own and operate the principal airports served by scheduled air carriers in the United States and throughout the world. AOCI's member airports enplane more than 90 percent of total domestic and virtually all international scheduled airline passenger and cargo traffic in the United States.**

- **AAAE is the professional organization representing 1,800 airport executives who are responsible for the planning, management and operation of airports nationwide.**

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JOINT TESTIMONY OF THE AIRPORT OPERATORS COUNCIL INTERNATIONAL AND THE AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES ON PASSENGER FACILITY CHARGES, BEFORE THE HOUSE AVIATION SUBCOMMITTEE, JUNE 19, 1990.

PRESENTED BY CLIFTON MOORE, EXECUTIVE DIRECTOR, DEPARTMENT OF AIRPORTS, CITY OF LOS ANGELES, AND KENT GEORGE, A.A.E, DIRECTOR OF AVIATION FOR THE QUAD CITY AIRPORT (SERVING THE QUAD CITIES IN ILLINOIS AND IOWA) AND PRESIDENT OF AAAE.

Mr. Chairman and Members of the Subcommittee.

We are very pleased to have this opportunity to present the views of the Airport Operators Council International (AOCI) and the American Association of Airport Executives (AAAE) on this important airport funding issue. We want to thank you, Mr. Chairman, for holding this hearing and giving us the opportunity to discuss with you and the subcommittee the need for passenger facility charges (PFCs). For the members of AOCI and AAAE across the country, no other issue before Congress can so dramatically benefit the future of our airport system and air travel.

Aviation Growth and Resultant Airport Capacity and Delay Problems

You have heard us and others on previous occasions discuss the serious airport capacity and delay problems we face throughout the country, and how airport congestion will only get worse and stifle our aviation system unless Congress does something dramatic and soon. If we may, Mr. Chairman, we would now like to show the Subcommittee a short video presentation which highlights airport congestion and funding needs.

[VIDEO TEXT:]

Since airline deregulation was introduced, the number of passengers using the U.S. aviation system has increased by 74 percent. A direct result of this unprecedented growth is that in 1987, 21 major airports each exceeded 20,000 hours of airline flight delays. These airports account for almost 57 percent of all passenger boardings. By the year 2000, the number of airline passengers is expected to nearly double. Without capacity improvements or substantive changes in the time or location of travel, 42 airports and 76 percent of all passengers, equaling 600 million travelers or the combined populations of the United States and the Soviet Union, could experience significant, capacity-related delays by the end of this decade.

A recent AAAE/AOCI survey revealed that total airport capital needs nationwide are approaching $50 billion over the next five years, an average of $10 billion annually. Of the $50 billion in airport needs, approximately 60 percent -- or $6 billion per year -- is eligible for federal funding, far more than the current $1.8 billion airport grant authorization and the President's fiscal 1991 budget request of $1.5 billion. Current capacity shortages are clearly driving the bulk of airport capital development plans. Approximately 75 percent to 85 percent of the total projects are needed to increase capacity and expand the airports. Roughly 5 percent are related to safety and security enhancement, while approximately 10 percent are needed to build airport facilities and preserve existing capacity. [END VIDEO]

Mr. Chairman, not only is the efficiency and productivity of the aviation industry and those who rely on it at stake, but so are the national and local economic benefits that airport development and aviation activity generate. The Partnership for Improved Air Travel (PIAT), which was established by the U.S. air carrier industry, conducted a study last year on the economic impact of aviation. Their study showed that our commercial service airports nationwide generate annually some $450 billion in economic activity, $133 billion in wages and salaries, and over 7 billion jobs. Every dollar invested in airport development and expansion will generate many times more than that every year in direct and indirect economic benefits, not to mention alleviate the high cost of delays. The cost of adequately funding our airports is far outweighed by the price we pay for not investing.

The dramatic growth in passenger and airline demand that airports have experienced since deregulation has placed a tremendous strain on existing airport infrastructure systems, as evidenced by the number of congested and slot-controlled airports and serious systemwide delays. These delays are costing passengers and airlines $5-6 billion every year due to lost time, productivity, inconvenience and increased operating costs.

It is ironic that airports have become, in effect, the victims of deregulation's success. The positive benefits that have resulted from the federal government's freeing the airlines of federal regulation -- i.e., more air travelers, better air service and tremendous traffic growth -- have choked the existing airport infrastructure because Congress did not also free airports from the pre-deregulation prohibition against passenger facility charges, denying us the ability to raise needed capital funds directly from air passengers. Air travelers are the users that most directly drive the need to build and expand airport facilities and who benefit from improvements and new capacity. Local governments were thus left to finance and build needed airport capacity in response to rapid aviation growth without a critical revenue source. Serious congestion and delay problems have spread throughout the aviation system because our nation's airports are overcrowded and underfunded.

This subcommittee can rectify the situation and give the local and state governments that operate our airports a new funding source we need to tackle the problem. We urge you to not miss this tremendous opportunity.

Spending the Aviation Trust Fund Surplus Will Not Provide the Additional Funds Airports Need

The current and soon-to-be reauthorized federal Airport Improvement Program (AIP) is important, but it will be inadequate to cover nationwide airport capital development needs. As you know, AIP has provided only one-third of airport development funds. Many important airport projects are not even eligible for federal funding.

We appreciate the concern this subcommittee has with the surplus in the aviation trust fund, and we share your concern. We fully support your efforts to require spending down the $7 billion surplus in the new trust fund authorization bill. However, even if the entire surplus were spent for airport improvements it would just cover the $7 billion backlog in unfunded airport grant project applications that are still sitting at FAA -- projects that are eligible and deserving of federal assistance, but which cannot be funded given the limited federal dollars made available. It would not come close to meeting future airport capital funding needs.

As much as we would like to see the surplus spent for airport projects, we recognize that there are other legitimate aviation system needs competing for those federal trust fund dollars. The reauthorization bill that this subcommittee has just approved would provide substantially greater funding for the air traffic control modernization program and FAA operations expenses. Operations costs will be funded more heavily from the aviation trust fund than Congress has ever permitted before.

These policy decisions lead to the inevitable result that the trust fund will not be the source of significant funding increases for airports. The $1.8 billion AIP level authorized in the bill for fiscal 1991 is the same level that is currently authorized. This will not even approach the $6 billion in annual AIP-eligible projects that FAA and we have determined to be necessary for airport development. More than $3 billion in annual federal funding would be needed if the AIP program were to continue to fund its traditional one-third share of the $10 billion in total airport development costs.

We appreciate the effort you have made, Mr. Chairman, to get the full $1.8 billion authorization actually appropriated -- airports need full funding. However, even if AIP funding were increased from the current $1.425 billion to $1.8 billion, the $375 million increase would be less than the additional funds that could be raised by a $3.00 PFC at the top six airports alone. Simply increasing AIP funding alone will not solve the critical capacity and safety problems, nor relieve passenger delays and frustration.

PFCs would provide benefits to airports beyond the sheer dollar amounts they could generate. They would provide airports with tremendous flexibility in funding projects. They could be used as AIP funds are -- to fund projects directly, on a "pay as you go" basis, thus lowering costs by avoiding financing expenses. They would also allow airports to move forward with non-revenue producing projects that are difficult to finance through bonds or borrowing.

On the other hand, unlike AIP funds, PFC revenues could also be leveraged for airport bond borrowing, which means each dollar of

PFC revenues can generate eight to nine dollars in bond funds. If a $3.00 PFC were imposed at the 71 large and medium airports, it would raise about $1.3 billion each year, and those revenues could support more than $10.6 billion in bonds. PFCs would give airports greater financing flexibility and thus an effective and efficient means to raise substantially greater capital improvement dollars, especially at airports with pressing demands which must be met now. Our nation's airports simply need an immediate infusion of capital dollars so that the enormous capacity, security and safety projects can be financed.

Local Airport Funding Constraints

Some will argue that PFCs are not necessary because the bond market can provide greater airport financing and the airlines will support those projects that they decide are needed. First, it should be recognized that bonding is not a revenue source, but rather a means of debt financing that must, in turn, be repaid out of future airport revenues. Their argument also ignores existing impediments to airport borrowing and the fact that airports typically are contractually required, through "majority-in-interest" and other provisions, to obtain the approval of air carriers before they can increase landing fees and other charges, issue bonds or undertake capital improvements. Airports face serious constraints on their bonding capabilities and project financing in general.

In order to finance the $10 billion in annual capital needs -- given current AIP funding -- airports would have to raise more than four times the amount of capital through bond debt each year than they have in recent years.

To use an analogy we can all relate to, even if there is plenty of money available for home mortgages, there is no guarantee that you can get a loan in the amount you need to buy a home -- especially if the loan amount you are seeking results in a monthly payment substantially greater than you've ever carried in the past. The bond market will look at an airport's revenue stream, debt burden and credit rating, much as the mortgage lender will scrutinize your personal income, debt-to-equity ratios and credit-worthiness. Airports must also compete locally with other important governmental projects for limited bond capital.

Standard and Poor's (S&P), the bond-rating house, has expressed great concern over the ability of the air carriers to help pay for airport capital programs and the ability of airports to undertake greater debt to finance needed capital projects without a new revenue source such as PFCs. In a recent report, S&P said: "Airports can plan 10 years ahead. However, the nation's air carriers, which are involved in the difficult task of achieving quarter-to-quarter profitability, cannot be expected to approve a complete overhaul of the domestic air system. Because the lead time on large capital projects requires a long-range view, S&P

believes that the airlines should have only a limited ability to control or direct spending . . . Therefore, it is imperative that airports have a revenue source they control."

Airports will need to rely on bond financing, but clearly, airports will not be able to incur substantially greater debt burdens without a new revenue source to repay that debt.

PFC Proposals

As you know, the Bush Administration has strongly endorsed PFCs in its FAA reauthorization proposal, recognizing that it would help diversify airport revenues and provide substantially greater capability to finance needed projects. The Administration believes, as we do, that the local airport operators should have the flexibility to raise capital funds directly from passengers to help pay for the facilities they use.

We commend the administration and Secretary Skinner for their leadership on this issue. We had the privilege of serving on the DOT Airport Capacity Funding Advisory Committee, which, as you know, was established at the request of Congress to examine the issue of passenger facility charges. Under the very able leadership of former DOT Deputy Secretary Mimi Dawson, the airline, airport and aviation industry representatives together worked hard to tackle many of the issues that are being raised today -- and we made a lot of progress. The Advisory Committee has made specific recommendations about how the PFC program could be structured and administered to be effective in addressing our airport capacity funding problems.

We also want to express the strong support of AOCI and AAAE for the PFC legislation, H.R. 5056, that has been introduced by Congressmen Lipinski and DeFazio. Their bill embodies many elements of both the administration's proposal and the recommendations of the DOT Advisory Committee. H.R. 5056 is a solid and well-balanced approach that should be adopted by this Subcommittee and Congress.

We would now like to outline our recommendations for an effective PFC program.

AOCI/AAAE PFC Recommendations

It is important that all airports be given the option of imposing PFCs while continuing to participate in the federal AIP program. This is the best way to ensure meaningful progress in developing our nation's airport system.

PFC Maximum Level

We agree with the administration and the Advisory Committee that airports should be permitted to charge up to a maximum of $3.00

per enplaned passenger, based on their project financing needs. The Secretary of Transportation should be able to raise the cap periodically to adjust for inflation and rising airport development costs. The Secretary should also be permitted to grant waivers of the PFC cap on a case-by-case basis for airports where PFC revenues are less than forecasted and necessary to finance projects or service debt, or for major capacity projects and new airports that will materially enhance regional or national air service capacity.

Within the cap, each airport should have flexibility to set a PFC level that will meet their particular project financing needs, and make one adjustment per year if necessary due to traffic or revenue fluctuations. For ease of collection, we agree that the PFC level should be in whole dollar amounts, up to $3.00; should be listed on the airline ticket; and should be collected at the time the ticket is purchased. Both originating and connecting passengers (those changing planes), should be subject to the charge since they each place demands on airport facilities. We and the administration also recommend that a limit be imposed so that no passenger would ever pay more than two PFCs per one-way trip.

Process for Imposing PFCs

Subject to review by the Secretary of Transportation, all commercial service airports should have the right to impose a PFC after preparing a capital improvement plan that identifies the proposed projects and the level of PFC that is required to fund them. The airports should be required to consult with air carriers and other airport users on the PFC plan and provide them the opportunity to comment. A major benefit of this consultation process is that it gives the airlines a forum for influencing the plan and projects and for informing the airport if they are willing to fund the projects directly through additional rates, fees and charges, or by backing bonds.

Thus, airlines will have the opportunity, at individual airports, to fund the projects through traditional financing mechanisms, if they believe that a PFC is not warranted. This will facilitate early discussion and negotiation between the airport and the airlines over the facilities the airport operator believes must be built and the extent to which the carriers are willing to commit their financial resources. As a result, PFCs would only be needed in those cases in which the traditional funding means were not sufficient to meet development needs.

The PFC plan would then be submitted to DOT/FAA to determine that the proposed projects meet the statutory requirements of eligibility for PFC funding. If the plan does not meet federal eligibility requirements, the Secretary would have the power to disapprove all or a part of the plan. This gives the airlines an additional avenue of recourse, since they would be able to object to the plan or specific projects and urge the Secretary to disapprove. If the Secretary does not disapprove the plan within a specified timeframe, the airport could proceed to impose the PFC. We would also support giving the Secretary authority to set forth, by regulation, the time and form by which PFCs could be imposed or adjusted. The DOT/FAA review would also afford the Department the opportunity to commit AIP funds to those projects in the plan that are eligible for federal funding.

The Secretary should also have power to review and audit an airport's actual use of PFC revenues. In cases in which the Secretary determines, after a hearing, that PFC revenues are being used for an unauthorized purpose, the Secretary should have the power to terminate an airport's right to impose the charge.

The thrust of our proposal is that there should be a minimum of federal approval for the typical PFC project that falls within the PFC limit and meets the statutory eligibility requirements. This is consistent with the Department of Transportation's view that this should be a local charge, locally raised and administered, with a minimum of federal red tape. For projects that require funding in excess of the general statutory limit, we recognize that there should be additional oversight by the Secretary.

PFC Project Eligibility

With respect to the eligible uses of PFC revenues, airports should expend PFC funds for airport-related projects, and debt service, that enhance capacity, safety, security or noise-mitigation. PFCs should not be limited to AIP-eligible projects, since that would preclude gates and other facilities that are critically needed to enhance competition. These facilities are vital for new entrants and growing incumbent carriers to increase air service and provide effective competition.

Access roads and other transportation systems that are needed to efficiently move passengers and cargo to and from the airport should also be eligible, since landside congestion is a growing problem at many airports and cannot be adequately addressed through current funding mechanisms. Airport access systems are examples of the types of projects that the airlines are typically unwilling to support or fund, but which are important components of the airport infrastructure that local governments must be able to provide for travelers and their communities.

Airports' Ability to Implement PFCs

If Congress determines that it is in the national interest for airports to have the ability to impose PFCs in order to fund infrastructure development for needed capacity, safety, and security improvements, then Congress should not permit airlines to impede the imposition or use of PFCs via lease or use agreements by which they exert control or veto power over airport expansion. It is important to recognize that PFCs represent monies paid by air travelers which they entrust to the local airport authority to spend for capital improvements. PFCs are not and must not be considered "airline" money -- they are funds obtained from individual airport users for facility improvements.

It is the airport operator's responsibility to build and improve the entire airport facility, not just for the benefit of the airlines, but for the benefit of air travelers and the community. Passengers and communities demand better terminals and access systems, in addition to the runways, taxiways and other airside improvements which benefit the airlines directly. PFCs will enable airports to respond to the long-term demands of local citizens and passengers, rather than just the short-term interest of the airlines. Instances abound where the airlines have not supported and have, in fact, delayed needed projects, but then used up all the available capacity once the facilities were built.

Among the aviation issues which have concerned Congress recently are airline competition and concentration. Returning to airports the authority to impose PFCs will allow concentrated airports to build facilities that are needed to attract new entrants -- or to allow incumbent carriers to expand -- to improve air service to their communities, even if the dominant carriers would prefer not to face increased competition brought about by such development.

In order to ensure the ability of airports to help foster and promote airline competition at their facilities, Congress should not allow dominant airlines to use their muscle to force airports to give up or restrict their right to impose PFCs. Otherwise, we will be left essentially with the status quo, and the effort to obtain PFCs will, at least at many airports, be for naught.

By the same token, we do not believe the federal government should permit state or local governments to limit an airport's ability to collect or use a PFC, beyond the limits set by federal law. If the purpose of PFC legislation is to fulfill important national needs and to further federal transportation policy in developing a national airport system that can meet air service demand, the federal government should "occupy the field" and not let other governmental units impede the achievement of these goals.

Relationship to AIP Program

It is imperative that PFCs increase airport funding and not reduce the AIP program. That is why PFCs must be considered at the same time the AIP program is reauthorized. AOCI/AAAE and the Advisory Committee agree that large and medium airports that impose PFCs should forego only 50 percent of their entitlement grants so that those funds can be reallocated to increase AIP discretionary funds. In recognition of the fact that smaller airports cannot generate as much PFC revenues as their larger counterparts, small airports imposing PFCs should keep all of their entitlements.

PFCs offer the opportunity to make the AIP program more effective by adding to the discretionary dollars that are available for FAA to apply to pressing national airport needs. By increasing the discretionary fund, all airports and particularly smaller airports (i.e., relievers, general aviation, and small commercial service airports) would have access to a greater pool of money. This will help overcome present AIP problems whereby smaller airports have great difficulty competing for discretionary funds, given the needs of and priority given to larger airports.

Under our plan, small hub airports could double their capital funding by imposing a $3.00 PFC in addition to their current AIP entitlements, and most small non-hubs could realize an additional 50 percent or greater increase in funding. In addition, they would have better access to AIP discretionary money and enhanced bonding power. All airports stand to benefit from PFCs.

Conclusion

In conclusion, airports nationwide are asking you to address our capacity shortage by releasing airports from the federal prohibition on locally imposed passenger facility charges. By giving airports the option of assessing a PFC, Congress would be taking the single most important step to provide the funding and freedom airports must have if they are to meet current and future demands. It is important to bear in mind that PFCs enable the Congress to return to local and state airport operators the authority to raise substantial capital funds at no cost to the federal budget. And, unlike the federal passenger ticket taxes which have been held in the trust fund, passengers would be assured that the modest PFCs they pay are not sent to Washington, DC but are spent directly for airport capacity and safety improvements at that airport.

As local government representatives, airport operators and executives are willing to take responsibility for acting to raise user fees on the local level to provide new airport capacity and safety improvements -- but Congress must unlock our handcuffs first.

Among the beneficiaries of PFCs would be:

- **Airports and their communities**, who would have greater resources and flexibility to fund needed projects to improve facilities and air service;
- **Air passengers**, who would experience fewer delays and receive better service and more competitive air fares;
- **Airlines**, who would benefit from reduced delays and operating costs because of capacity increases, resulting in

more efficient operations and new air service opportunities, without having their current fees and charges increased; and

- **General aviation and business aircraft operators**, who would have greater access to expanded airport facilities. In addition, PFCs collected at a commercial service airport could be used to increase capacity and improve facilities at general aviation and reliever airports.

A question may arise in your mind, Mr. Chairman, as to how we can say that airlines will benefit from PFCs, when some of them are opposed to the concept. In this regard, we believe it is instructive to recall the debate prior to deregulation. Airlines adamantly opposed that as well -- perhaps even more vigorously and more uniformly than they oppose PFCs. Now they'll tell you that deregulation is the best thing that ever happened to the industry, and they resist any and all changes they perceive to be attempts at "re-regulation."

If Congress had waited until the airlines were on board before going ahead with deregulation, you'd be hearing testimony today from the Chairman of the Civil Aeronautics Board. We predict that if you take the initiative to enable airports to assess PFCs, within five years the airlines will say that this is the greatest thing you've done since deregulation.

Mr. Chairman and Members of this Subcommittee, we commend you for holding this important hearing and, on behalf of airports nationwide, we ask your support for PFCs. Thank you.

ATTACHMENT I

March 12, 1990

Honorable James Oberstar
Chairman
Subcommittee on Aviation
Committee on Public Works & Transportation
2251 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Oberstar:

At the Subcommittee's hearing on February 6th regarding Future Airport Capacity Needs, AOCI/AAAE and FAA witnesses provided our respective cost estimates of future capital development needs for the nation's airports. The capital needs estimated by AOCI and AAAE were based on an extensive survey of airports to determine essential and needed capital improvement projects over the next five- and ten-year periods. FAA's projections were based on the preliminary 1990 National Plan of Integrated Airport Systems (NPIAS) estimate of AIP-eligible project costs.

During the hearing, you requested that FAA and AOCI/AAAE compare and reconcile our cost estimates. After a thorough assessment of the FAA's preliminary NPIAS estimates, additional non-NPIAS projects, and the AOCI/AAAE survey results, we have reached a reconciliation that we believe truly reflects the magnitude of airport development needs in the U.S.

We have attached a reconciliation chart and explanation which indicate the 1991-95 reconciled AIP-eligible needs at about $30 billion in 1989 constant dollars. The FAA and AOCI/AAAE total airport capital needs for the same period are $36 billion and $40 billion (constant dollars), respectively. The AOCI/AAAE estimate when adjusted for inflation equals $50 billion over the five-year period.

Our ten-year projections for years 1991-2000 are between $55-58 billion in constant dollars.

The FAA and AOCI/AAAE believe that reconciliation of the two independently derived needs estimates has been attained. We hope our capital needs estimates are helpful to you and the Subcommittee in your deliberations. We request that this letter and attached reconciliation be included in the hearing record.

Sincerely,

George Howard

George P. Howard
Executive Director
AOCI

Leonard Griggs
Associate Administrator for Airports
FAA

DOT/FAA AND AOCI/AAAE AIRPORT CAPITAL DEVELOPMENT NEEDS RECONCILIATION

(In billions of 1989 Constant Dollars)

1991-1995

	DOT/FAA	AOCI/AAAE
AIP-ELIGIBLE	30.8	30.4
OTHER PROJECT COSTS	5.0	10.0
TOTAL AIRPORT CAPITAL NEEDS	35.8	40.4
COSTS IN CURRENT YEAR DOLLARS	-	50.5*

1991-2000

	DOT/FAA	AOCI/AAAE
AIP-ELIGIBLE	48.4	38.0
OTHER PROJECT COSTS	10.0	17.3
TOTAL AIRPORT CAPITAL NEEDS	58.4	55.3
COSTS IN CURRENT YEAR DOLLARS	-	77.1*

* AOCI/AAAE costs inflated at 5% per year.

RECONCILIATION NOTES

1. The 1991-1995 AIP-eligible numbers estimated independently by both DOT/FAA and AOCI/AAAE match at $30 billion in 1989 constant dollars.

2. The FAA total AIP-eligible number includes three cost components: $23.3 for the NPIAS, $5.0 billion for additional noise mitigation, and $2.5 billion for additional new airports. The additional costs are an adjustment for the greater uncertainties inherent in the NPIAS process in estimating noise mitigation and new airport projects.

3. The Other Project Costs category consists of projects not eligible for AIP funding including: revenue producing portions of the passenger terminals (approximately 50% of total terminal), cargo terminals, surface and structure parking, and certain on-airport roadway access and circulatory costs.

The AOCI/AAAE estimate of other project costs is $10 billion and the DOT/FAA estimate is $5 billion. It is important to note that the AOCI survey includes all airport capital needs, both AIP-eligible and AIP-ineligible, whereas the NPIAS only considers AIP-eligible projects. Since the AOCI/AAAE estimate of AIP-ineligible costs is based on actual survey results, it has a higher degree of accuracy.

4. The total five year capital needs are extremely close - DOT/FAA $36 billion and AOCI/AAAE $40 billion in constant dollars. The AOCI/AAAE 1991-95 total needs in current year dollars are $50.5 billion.

5. The close correspondence of the 1991-95 results is significant because estimation is more precise in the near term.

6. The 1991-2000 total airport capital needs are also very close: DOT/FAA $58 billion and AOCI/AAAE $55 billion. AOCI/AAAE estimate lower AIP-eligible costs and more other project costs.

7. Both the DOT/FAA and the AOCI/AAAE estimates are conservative since they do not include off-airport access or intermodal transportation connection needs. These costs are estimated to be at least $5 billion.

8. This reconciliation demonstrates that airport capital development needs are significant as measured independently by the organizations closest to the airports, the U.S.DOT/FAA and AOCI/AAAE.

AOCI/AAAE U.S. AIRPORT CAPITAL DEVELOPMENT NEEDS FOR 1990-2000

(as of January 9, 1990)

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AOCI/AAAE U.S. AIRPORT CAPITAL DEVELOPMENT NEEDS FOR 1990-2000
($ Billions)

	Expenditure by Year						Total	Total	Total
HUB SIZE	1990	1991	1992	1993	1994	1995	1991-1995	1996-2000	All Needs 1991 - 2000
Large	4.8	3.9	3.9	3.9	3.9	3.9	19.7	8.0	27.7
Medium	1.7	1.2	1.2	1.2	1.2	1.2	6.0	3.8	9.8
Small	0.7	0.7	0.7	0.7	0.7	0.7	3.7	1.0	4.7
Non-Hub	1.0	1.0	1.0	1.0	1.0	1.0	5.0	2.1	7.1
Reliever	0.5	0.5	0.5	0.5	0.5	0.5	2.5	1.0	3.5
General Aviation	0.7	0.7	0.7	0.7	0.7	0.7	3.5	1.6	5.1
Total Cost (Constant $)	9.4	8.0	8.0	8.0	8.0	8.0	40.4	14.9	55.3
Inflation	0.8	1.1	1.6	2.1	2.6	3.1	10.1	11.7	21.8
Total Cost (Current $)	10.2	9.1	9.6	10.1	10.6	11.1	50.5	26.6	77.1

Notes:

1. Row figures may not sum to totals due to rounding. All costs are total project costs including overheads -- architectural and engineering, contingency and construction management costs.

2. Expenditures between 1991 and 1995 are averaged to better represent actual spending patterns. The survey results indicated larger expenditures in the early years which reflects the desire of airports to move ahead with needed capacity projects. Capital plans are less certain the further out one looks in the future, as indicated by the differences in magnitude of the 1991 - 1995 and 1996 - 2000 capital needs totals. In reality, actual expenditure patterns are more evenly spread because of project delays and the uncertainty of federal and other funding. For example, the $10.2 billion in needs indicated in 1990 will inevitably spill over into other years because of these constraints.

3. Inflation includes a 5% construction cost inflation factor and a minor adjustment for financial costs during construction.

4. The reliever and general aviation airport development costs are based on the FAA's preliminary 1990 NPIAS plan.

5. Total costs are conservative in that they do not include costs for new airports as identified by the NPIAS, except for the new Denver and Austin airports.

AOCI/AAAE U.S. AIRPORT CAPITAL DEVELOPMENT NEEDS SURVEY SAMPLE
(as of January 9, 1990)

HUB SIZE	Enplanements (Millions)	U.S. Total (NPIAS)	AOCI Sample	Survey Response Rate
Large Hub	4.8 +	29	29	100%
Medium Hub	1.3 - 4.8	42	27	64
Small Hub	.242 - 1.2	78	18	23
Non-Hub	.001 - .241	613	93	15
Reliever	---	274	274	Used FAA's NPIAS Costs
General Aviation	---	2474	2474	
Total		3510	2915	83%

ATTACHMENT II

PASSENGER FACILITY CHARGE REVENUE ENHANCEMENT

FOR AIRPORT DEVELOPMENT FINANCING

AOCI/AAAE PFC Proposal vs. DOT/FAA PFC Plan

April 13, 1990

(Figures correspond to 1988 total enplanements and estimated FY 1990 AIP entitlements.
Please see footnotes below for explanation of columns)

NO.	LOC	AIRPORT NAME	1988 TOTAL ENPLANEMENTS	1990 EST. AIP ENTITLEMENTS	PFC ($3) REVENUE/1	PFC BONDING POWER/2	DOT/FAA PFC PLAN- AIP ENTITLEMENTS RETURNED/3	AOCI/AAAE PFC PLAN- AIP ENTITLEMENTS RETURNED/4	TOTAL ANNUAL PFC PLUS AIP REVENUE AOCI/AAAE PLAN	TOTAL ANNUAL PFC PLUS AIP REVENUE DOT PLAN
1.	ORD	CHICAGO-O'HARE	28,273,863	$16,000,000	$84,821,589	$706,818,301	$16,000,000	$8,000,000	$92,821,589	$84,821,589
2.	ATL	ATLANTA	23,058,079	$16,000,000	$69,174,237	$576,428,917	$16,000,000	$8,000,000	$77,174,237	$69,174,237
3.	DFW	DALLAS-FORT WORTH	22,236,591	$15,818,784	$66,709,773	$555,892,538	$15,818,784	$7,909,392	$74,619,165	$66,709,773
4.	LAX	LOS ANGELES	21,646,727	$15,435,373	$64,940,181	$541,146,528	$15,435,373	$7,717,687	$72,657,868	$64,940,181
5.	JFK	NEW YORK-KENNEDY	15,236,311	$11,268,602	$45,708,933	$380,892,539	$11,268,602	$5,634,301	$51,343,234	$45,708,933
6.	DEN	DENVER	14,972,728	$11,097,273	$44,918,184	$374,303,227	$11,097,273	$5,548,637	$50,466,821	$44,918,184
7.	SFO	SAN FRANCISCO	14,852,565	$11,019,167	$44,557,695	$371,299,272	$11,019,167	$5,509,584	$50,067,279	$44,557,695
8.	MIA	MIAMI	12,094,354	$9,226,330	$36,283,062	$302,346,756	$9,226,330	$4,613,165	$40,896,227	$36,283,062
9.	LGA	NEW YORK-LAGUARDIA	12,085,339	$9,220,470	$36,256,017	$302,121,390	$9,220,470	$4,610,235	$40,866,252	$36,256,017
10.	BOS	BOSTON	11,562,688	$8,880,747	$34,688,064	$289,055,637	$8,880,747	$4,440,374	$39,128,438	$34,688,064
11.	EWR	NEWARK	11,319,238	$8,722,505	$33,957,714	$282,969,631	$8,722,505	$4,361,253	$38,318,967	$33,957,714
12.	HNL	HONOLULU	10,293,926	$8,056,052	$30,881,778	$257,337,856	$8,056,052	$4,028,026	$34,909,804	$30,881,778
13.	STL	ST.LOUIS	10,056,110	$7,901,472	$30,168,330	$251,392,694	$7,901,472	$3,950,736	$34,119,066	$30,168,330
14.	DET	DETROIT	9,812,784	$7,743,310	$29,438,352	$245,309,787	$7,743,310	$3,871,655	$33,310,007	$29,438,352
15.	PHX	PHOENIX	9,556,974	$7,577,033	$28,670,922	$238,914,793	$7,577,033	$3,788,517	$32,459,439	$28,670,922
16.	PIT	PITTSBURGH	8,942,025	$7,177,316	$26,826,075	$223,541,683	$7,177,316	$3,588,658	$30,414,733	$26,826,075
17.	MSP	MINNEAPOLIS	8,826,310	$7,102,102	$26,478,930	$220,648,924	$7,102,102	$3,551,051	$30,029,981	$26,478,930
18.	MCO	ORLANDO	8,062,984	$6,605,940	$24,188,952	$201,566,537	$6,605,940	$3,302,970	$27,491,922	$24,188,952
19.	LAS	LAS VEGAS	7,838,293	$6,459,890	$23,514,879	$195,949,487	$6,459,890	$3,229,945	$26,744,824	$23,514,879
20.	PHL	PHILADELPHIA	7,744,092	$6,398,660	$23,232,276	$193,594,556	$6,398,660	$3,199,330	$26,431,606	$23,232,276
21.	DCA	WASHINGTON-NATIONAL	7,709,589	$6,376,233	$23,128,767	$192,732,015	$6,376,233	$3,188,117	$26,316,884	$23,128,767
22.	SEA	SEATTLE	7,407,473	$6,179,861	$22,222,419	$185,179,418	$6,179,861	$3,089,931	$25,312,350	$22,222,419
23.	CLT	CHARLOTTE	7,348,565	$6,141,567	$22,045,695	$183,706,776	$6,141,567	$3,070,784	$25,116,479	$22,045,695
24.	IAH	HOUSTON	7,300,470	$6,110,306	$21,901,410	$182,504,450	$6,110,306	$3,055,153	$24,956,563	$21,901,410
25.	SAN	SAN DIEGO	5,348,636	$4,841,613	$16,045,908	$133,710,551	$4,841,613	$2,420,807	$18,466,715	$16,045,908
26.	BWI	BALTIMORE	4,988,093	$4,607,260	$14,964,279	$124,697,337	$4,607,260	$2,303,630	$17,267,909	$14,964,279
27.	SLC	SALT LAKE CITY	4,975,727	$4,599,223	$14,927.181	$124,388,199	$4,599,223	$2,299,612	$17,226,793	$14,927,181
28.	TPA	TAMPA BAY	4,903,612	$4,552,348	$14,710,836	$122,585,396	$4,552,348	$2,276,174	$16,987,010	$14,710,836
29.	MEM	MEMPHIS	4,832,107	$4,832,107	$14,496,321	$120,797,863	$4,832,107	$2,416,054	$16,912,375	$14,496,321
30.	MCI	KANSAS CITY	4,719,511	$4,432,682	$14,158,533	$117.983,055	$4,432,682	$2,216,341	$16,374,874	$14,158,533
31.	IAD	WASHINGTON-DULLES	4,608,788	$4,360,712	$13,826.364	$115,215,091	$4,360,712	$2,180,356	$16,006,720	$13,826,364
		Sub-Total Large Hub	332,614,552	$254,744,938	$997,843,656	$8,315,031,185	$254,744,938	$127,372,469	$1,125,216,125	$997,843,656

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NO.	LOC	AIRPORT NAME	1988 TOTAL ENPLANEMENTS	1990 EST. AIP ENTITLEMENTS	PFC ($3) REVENUE/1	PFC BONDING POWER/2	DOT/FAA PFC PLAN- AIP ENTITLEMENTS RETURNED/3	ADCI/AAAE PFC PLAN- AIP ENTITLEMENTS RETURNED/4	TOTAL ANNUAL PFC PLUS AIP REVENUE ADCI/AAAE PLAN	TOTAL ANNUAL PFC PLUS AIP REVENUE DOT PLAN
32.	FLL	FORT LAUDERDALE	4,295,177	$4,156,865	$12,885,531	$107,375,130	$4,156,865	$2,078,433	$14,963,964	$12,885,531
33.	SJU	SAN JUAN	4,011,237	$3,972,304	$12,033,711	$100,276,914	$3,972,304	$1,986,152	$14,019,863	$12,033,711
34.	CVG	CINCINNATI	4,009,952	$3,971,469	$12,029,856	$100,244,790	$3,971,469	$1,985,735	$14,015,591	$12,029,856
35.	HOU	HOUSTON-HOBBY	3,847,079	$3,865,601	$11,541,237	$96,173,128	$3,865,601	$1,932,801	$13,474,038	$11,541,237
36.	CLE	CLEVELAND	3,757,170	$3,807,161	$11,271,510	$93,925,493	$3,807,161	$1,903,581	$13,175,091	$11,271,510
37.	RDU	RALEIGH	3,679,991	$3,756,994	$11,039,973	$91,996,095	$3,756,994	$1,878,497	$12,918,470	$11,039,973
38.	BNA	NASHVILLE	3,435,482	$3,598,063	$10,306,446	$85,883,615	$3,598,063	$1,799,032	$12,105,478	$10,306,446
39.	MSY	NEW ORLEANS	3,305,322	$3,513,459	$9,915,966	$82,629,745	$3,513,459	$1,756,730	$11,672,696	$9,915,966
40.	MDW	CHICAGO-MIDWAY	3,265,850	$3,487,803	$9,797,550	$81,642,984	$3,487,803	$1,743,902	$11,541,452	$9,797,550
41.	PDX	PORTLAND	2,953,240	$3,284,606	$8,859,720	$73,828,047	$3,284,606	$1,642,303	$10,502,023	$8,859,720
42.	SJC	SAN JOSE	2,872,912	$3,232,393	$8,618,736	$71,819,927	$3,232,393	$1,616,197	$10,234,933	$8,618,736
43.	IND	INDIANAPOLIS	2,569,385	$3,035,100	$7,708,155	$64,232,056	$3,035,100	$1,517,550	$9,225,705	$7,708,155
44.	SAT	SAN ANTONIO	2,516,140	$3,000,491	$7,548,420	$62,900,984	$3,000,491	$1,500,246	$9,048,666	$7,548,420
45.	DAL	DALLAS-LOVE FIELD	2,490,031	$2,977,020	$7,470,093	$62,248,285	$2,977,020	$1,488,510	$8,958,603	$7,470,093
46.	PBI	WEST PALM BEACH	2,489,035	$2,952,873	$7,467,105	$62,223,386	$2,952,873	$1,476,437	$8,943,542	$7,467,105
47.	BDL	HARTFORD	2,476,907	$2,974,990	$7,430,721	$61,920,198	$2,974,990	$1,487,495	$8,918,216	$7,430,721
48.	DAY	DAYTON	2,395,740	$2,922,231	$7,187,220	$59,891,104	$2,922,231	$1,461,116	$8,648,336	$7,187,220
49.	ONT	ONTARIO	2,375,797	$2,909,268	$7,127,391	$59,392,549	$2,909,268	$1,454,634	$8,582,025	$7,127,391
50.	SNA	ORANGE COUNTY	2,214,060	$2,804,139	$6,642,180	$55,349,286	$2,804,139	$1,402,070	$8,044,250	$6,642,180
51.	ABQ	ALBUQUERQUE	2,115,825	$2,819,604	$6,347,475	$52,893,509	$2,819,604	$1,409,802	$7,757,277	$6,347,475
52.	OGG	KAHULUI	2,026,019	$2,732,899	$6,078,057	$50,648,449	$2,732,899	$1,366,450	$7,444,507	$6,078,057
53.	OAK	OAKLAND	1,931,298	$2,620,344	$5,793,894	$48,280,519	$2,620,344	$1,310,172	$7,104,066	$5,793,894
54.	AUS	AUSTIN	1,925,226	$2,616,397	$5,775,678	$48,128,725	$2,616,397	$1,308,199	$7,083,877	$5,775,678
55.	MKE	MILWAUKEE	1,912,997	$2,660,396	$5,738,991	$47,823,012	$2,660,396	$1,330,198	$7,069,189	$5,738,991
56.	SMF	SACRAMENTO	1,872,044	$2,581,829	$5,616,132	$46,799,228	$2,581,829	$1,290,915	$6,907,047	$5,616,132
57.	CMH	COLUMBUS	1,846,261	$2,565,070	$5,538,783	$46,154,679	$2,565,070	$1,282,535	$6,821,318	$5,538,783
58.	BUF	BUFFALO	1,822,029	$2,549,319	$5,466,087	$45,548,903	$2,549,319	$1,274,660	$6,740,747	$5,466,087
59.	RNO	RENO	1,631,045	$2,425,179	$4,893,135	$40,774,494	$2,425,179	$1,212,590	$6,105,725	$4,893,135
60.	ORF	NORFOLK	1,594,914	$2,401,694	$4,784,742	$39,871,255	$2,392,371	$1,200,847	$5,985,589	$4,794,065
61.	SYR	SYRACUSE	1,576,878	$2,389,971	$4,730,634	$39,420,373	$2,365,317	$1,194,986	$5,925,620	$4,755,208
62.	BUR	BURBANK	1,524,987	$2,356,242	$4,574,961	$38,123,150	$2,287,481	$1,178,121	$5,753,082	$4,643,723
63.	RSW	FORT MYERS	1,513,799	$2,348,969	$4,541,397	$37,843,461	$2,270,699	$1,174,485	$5,715,882	$4,619,668

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64.	OKC	OKLAHOMA CITY	1,510,789	$2,347,013	$4,532,367	$37,768,214	$2,266,184	$1,173,507	$5,705,874	$4,613,197
65.	TUS	TUCSON	1,435,301	$2,297,946	$4,305,903	$35,881,090	$2,152,952	$1,148,973	$5,454,876	$4,450,898
66.	ELP	EL PASO	1,430,463	$2,294,801	$4,291,389	$35,760,145	$2,145,695	$1,147,401	$5,438,790	$4,440,496
67.	ANC	ANCHORAGE	1,422,048	$2,289,331	$4,266,144	$35,549,778	$2,133,072	$1,144,666	$5,410,810	$4,422,403
68.	TUL	TULSA	1,368,845	$2,254,749	$4,106,535	$34,219,756	$2,053,268	$1,127,375	$5,233,910	$4,308,017
69.	JAX	JACKSONVILLE	1,352,442	$2,244,087	$4,057,326	$33,809,698	$2,028,663	$1,122,044	$5,179,370	$4,272,750
70.	ROC	ROCHESTER	1,307,677	$2,214,990	$3,923,031	$32,690,617	$1,961,516	$1,107,495	$5,030,526	$4,176,506
71.	LIH	LIHUE	1,280,807	$2,197,525	$3,842,421	$32,018,894	$1,921,211	$1,098,763	$4,941,184	$4,118,736
		Sub-Total Medium Hub	93,362,201	$115,431,185	$280,086,603	$2,333,961,663	$113,772,292	$57,715,593	$337,802,196	$281,745,496
72.	PVD	PROVIDENCE	1,113,059	$2,088,488	$3,339,177	$27,825,362	$1,669,589	$0	$5,427,665	$3,758,077
73.	OMA	OMAHA	1,106,978	$2,084,536	$3,320,934	$27,673,343	$1,660,467	$0	$5,405,470	$3,745,003
74.	SDF	LOUISVILLE	1,089,305	$2,073,048	$3,267,915	$27,231,536	$1,633,958	$0	$5,340,963	$3,707,006
75.	ALB	ALBANY	1,046,751	$2,045,388	$3,140,253	$26,167,728	$1,570,127	$0	$5,185,641	$3,615,515
76.	GSO	GREENSBORO	1,004,204	$2,017,733	$3,012,612	$25,104,096	$1,506,306	$0	$5,030,345	$3,524,039
77.	BHM	BIRMINGHAM	992,640	$2,010,216	$2,977,920	$24,815,007	$1,488,960	$0	$4,988,136	$3,499,176
78.	RIC	RICHMOND	922,265	$1,964,472	$2,766,795	$23,055,703	$1,383,398	$0	$4,731,267	$3,347,870
79.	LIT	LITTLE ROCK	894,413	$1,946,368	$2,683,239	$22,359,431	$1,341,620	$0	$4,629,607	$3,287,988
80.	SRQ	SARASOTA	874,825	$1,933,636	$2,624,475	$21,869,750	$1,312,238	$0	$4,558,111	$3,245,874
81.	KOA	KAILUA	849,542	$1,917,202	$2,548,626	$21,237,700	$1,274,313	$0	$4,465,828	$3,191,515
82.	GEG	SPOKANE	777,596	$1,870,437	$2,332,788	$19,439,122	$1,166,394	$0	$4,203,225	$3,036,831
83.	GUM	GUAM	754,340	$1,855,321	$2,263,020	$18,857,746	$1,131,510	$0	$4,118,341	$2,986,831
84.	DSM	DES MOINES	748,195	$1,851,327	$2,244,585	$18,704,127	$1,122,293	$0	$4,095,912	$2,973,620
85.	CHS	CHARLESTON	718,478	$1,832,011	$2,155,434	$17,961,232	$1,077,717	$0	$3,987,445	$2,909,728
86.	STT	ST. THOMAS	689,853	$1,813,404	$2,069,559	$17,245,635	$1,034,780	$0	$3,882,963	$2,848,184
87.	PWM	PORTLAND,MAINE	689,631	$1,813,260	$2,068,893	$17,240,085	$1,034,447	$0	$3,882,153	$2,847,707
88.	GRR	GRAND RAPIDS	658,926	$1,793,302	$1,976,778	$16,472,491	$988,389	$0	$3,770,080	$2,781,691
89.	COS	COLORADO SPRINGS	654,070	$1,790,146	$1,962,210	$16,351,096	$981,105	$0	$3,752,356	$2,771,251
90.	ICT	WICHITA	647,843	$1,786,098	$1,943,529	$16,195,427	$971,765	$0	$3,729,627	$2,757,863
91.	TYS	KNOXVILLE	628,869	$1,773,765	$1,886,607	$15,721,096	$943,304	$0	$3,660,372	$2,717,069
92.	MAF	MIDLAND	609,917	$1,761,446	$1,829,751	$15,247,315	$914,876	$0	$3,591,197	$2,676,322

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93.	ISP	ISLIP	602,813	$1,756,828	$1,808,439	$15,069,722	$904,220	$0	$3,565,267	$2,661,048
94.	LGB	LONG BEACH	587,663	$1,746,981	$1,762,989	$14,690,987	$881,495	$0	$3,509,970	$2,628,476
95.	CAE	COLUMBIA	584,303	$1,745,664	$1,752,909	$14,606,991	$876,455	$0	$3,498,573	$2,622,119
96.	GSP	GREENVILLE	584,303	$1,744,800	$1,752,909	$14,606,991	$876,455	$0	$3,497,709	$2,621,255
97.	LBB	LUBBOCK	583,946	$1,744,565	$1,751,838	$14,598,066	$875,919	$0	$3,496,403	$2,620,484
98.	MDT	HARRISBURG	571,782	$1,722,300	$1,715,346	$14,293,978	$857,673	$0	$3,437,646	$2,579,973
99.	ITO	HILO	556,995	$1,727,047	$1,670,985	$13,924,318	$835,493	$0	$3,398,032	$2,562,540
100.	BOI	BOISE	545,120	$1,719,320	$1,635,360	$13,627,455	$817,680	$0	$3,354,680	$2,537,000
101.	SAV	SAVANNAH	534,413	$1,712,368	$1,603,239	$13,359,791	$801,620	$0	$3,315,607	$2,513,988
102.	HRL	HARLINGEN	512,898	$1,698,384	$1,538,694	$12,821,937	$769,347	$0	$3,237,078	$2,467,731
103.	BGR	BANGOR	500,901	$1,690,586	$1,502,703	$12,522,024	$751,352	$0	$3,193,289	$2,441,938
104.	BTV	BURLINGTON	466,595	$1,603,147	$1,399,785	$11,664,408	$699,893	$0	$3,002,932	$2,303,040
105.	TLH	TALAHASSEE	450,480	$1,561,248	$1,351,440	$11,261,550	$675,720	$0	$2,912,688	$2,236,968
106.	DAB	DAYTONA BEACH	444,487	$1,545,666	$1,333,461	$11,111,731	$666,731	$0	$2,879,127	$2,212,397
107.	AMA	AMARILLO	440,621	$1,535,615	$1,321,863	$11,015,084	$660,932	$0	$2,857,478	$2,196,547
108.	FAT	FRESNO	439,641	$1,533,067	$1,318,923	$10,990,585	$659,462	$0	$2,851,990	$2,192,529
109.	LEX	LEXINGTON	432,059	$1,513,353	$1,296,177	$10,801,043	$648,089	$0	$2,809,530	$2,161,442
110.	HSV	HUNTSVILLE	431,919	$1,512,989	$1,295,757	$10,797,543	$647,879	$0	$2,808,746	$2,160,868
111.	MSN	MADISON	431,345	$1,511,497	$1,294,035	$10,783,194	$647,018	$0	$2,805,532	$2,158,515
112.	JAN	JACKSON	427,950	$1,502,670	$1,283,850	$10,698,322	$641,925	$0	$2,786,520	$2,144,595
113.	PSP	PALM SPRINGS	406,823	$1,447,896	$1,220,469	$10,170,168	$610,235	$0	$2,668,365	$2,058,131
114.	CRP	CORPUS CHRISTI	405,793	$1,445,062	$1,217,379	$10,144,419	$608,690	$0	$2,662,441	$2,053,752
115.	BTR	BATON ROUGE	399,562	$1,428,861	$1,198,686	$9,988,650	$599,343	$0	$2,627,547	$2,028,204
116.	PNS	PENSACOLA	397,701	$1,424,023	$1,193,103	$9,942,127	$596,552	$0	$2,617,126	$2,020,575
117.	ABE	EASTON	394,025	$1,414,465	$1,182,075	$9,850,231	$591,038	$0	$2,596,540	$2,005,503
118.	MOB	MOBILE	387,086	$1,396,424	$1,161,258	$9,676,763	$580,629	$0	$2,557,682	$1,977,053
119.	STX	ST. CROIX	386,340	$1,394,484	$1,159,020	$9,658,114	$579,510	$0	$2,553,504	$1,973,994
120.	CID	CEDAR RAPIDS	382,351	$1,384,113	$1,147,053	$9,558,393	$573,527	$0	$2,531,166	$1,957,640
121.	SBN	SOUTH BEND	363,951	$1,336,273	$1,091,853	$9,098,411	$545,927	$0	$2,428,126	$1,882,200
122.	CAK	AKRON	361,923	$1,331,000	$1,085,769	$9,047,713	$542,885	$0	$2,416,769	$1,873,885
123.	SHV	SHREVEPORT	351,824	$1,304,742	$1,055,472	$8,795,248	$527,736	$0	$2,360,214	$1,832,478
124.	GCN	GRAND CANYON	350,252	$1,300,655	$1,050,756	$8,755,950	$525,378	$0	$2,351,411	$1,826,033

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125.	ROA	ROANOKE	348,296	$1,295,544	$1,044,888	$8,707,052	$522,444	$0	$2,340,432	$1,817,988
126.	HPN	WHITE PLAINS	335,743	$1,262,932	$1,007,229	$8,393,239	$503,615	$0	$2,270,161	$1,766,547
127.	FWA	FORT WAYNE	321,806	$1,226,696	$965,418	$8,044,828	$482,709	$0	$2,192,114	$1,709,405
128.	ACY	ATLANTIC CITY	315,057	$1,209,148	$945,171	$7,876,110	$472,586	$0	$2,154,319	$1,681,734
129.	MLI	MOLINE	312,348	$1,202,105	$937,044	$7,808,388	$468,522	$0	$2,139,149	$1,670,627
130.	MLB	MELBOURNE	311,938	$1,201,039	$935,814	$7,798,130	$467,907	$0	$2,136,853	$1,668,946
131.	SBA	SANTA BARBARA	308,756	$1,192,766	$926,268	$7,718,591	$463,134	$0	$2,119,034	$1,655,900
132.	CHA	CHATTANOOGA	305,043	$1,183,112	$915,129	$7,625,770	$457,565	$0	$2,098,241	$1,640,677
133.	TOL	TOLEDO	298,012	$1,164,831	$894,036	$7,450,002	$447,018	$0	$2,058,867	$1,611,849
134.	BIL	BILLINGS	296,883	$1,161,896	$890,649	$7,421,778	$445,325	$0	$2,052,545	$1,607,221
135.	MYR	MYRTLE BEACH	269,267	$1,090,094	$807,801	$6,731,406	$403,901	$0	$1,897,895	$1,493,995
136.	CRW	CHARLESTON, WV	268,193	$1,087,302	$804,579	$6,704,557	$402,290	$0	$1,891,881	$1,489,592
		Sub Total Small Hub	35,880,907	$103,735,170	$107,642,721	$896,986,794	$53,821,361	$0	$211,377,891	$157,556,531
137.	LNK	LINCOLN	258,908	$1,063,161	$776,724	$6,472,441	$388,362	$0	$1,839,885	$1,451,523
138.	JNU	JUNEAU	258,596	$1,062,350	$775,788	$6,464,641	$387,894	$0	$1,838,138	$1,450,244
139.	EUG	EUGENE	256,038	$1,055,699	$768,114	$6,400,694	$384,057	$0	$1,823,813	$1,439,756
140.	EVV	EVANSVILLE	251,657	$1,044,308	$754,971	$6,291,173	$377,486	$0	$1,799,279	$1,421,794
141.	MRY	CARMEL	251,311	$1,043,409	$753,933	$6,282,524	$376,967	$0	$1,797,342	$1,420,376
142.	GRB	GREEN BAY	248,126	$1,035,128	$744,378	$6,202,902	$372,189	$0	$1,779,506	$1,407,317
143.	MHT	MANCHESTER	247,331	$1,033,061	$741,993	$6,183,028	$370,997	$0	$1,775,054	$1,404,058
144.	FAI	FAIRBANKS	242,326	$1,020,048	$726,978	$6,057,908	$363,489	$0	$1,747,026	$1,383,537
145.	FSD	SIOUX FALLS	238,867	$1,011,054	$716,601	$5,971,436	$358,301	$0	$1,727,655	$1,369,355
146.	SGF	SPRINGFIELD	236,331	$1,004,461	$708,993	$5,908,039	$354,497	$0	$1,713,454	$1,358,958
147.	AGS	AUGUSTA	230,545	$989,417	$691,635	$5,763,394	$345,818	$0	$1,681,052	$1,335,235
148.	MBS	BAY CITY	229,910	$987,766	$689,730	$5,747,520	$344,865	$0	$1,677,496	$1,332,631
149.	ASE	ASPEN	228,154	$983,200	$684,462	$5,703,622	$342,231	$0	$1,667,662	$1,325,431
150.	AZO	KALAMAZOO	226,579	$979,105	$679,737	$5,664,248	$339,869	$0	$1,658,842	$1,318,974
151.	TRI	KINGSPORT	226,430	$978,718	$679,290	$5,660,524	$339,645	$0	$1,658,008	$1,318,363
152.	AVP	WILKES BARRE	225,516	$976,342	$676,548	$5,637,674	$338,274	$0	$1,652,890	$1,314,616
153.	LAN	LANSING	223,874	$972,072	$671,622	$5,596,626	$335,811	$0	$1,643,694	$1,307,883
154.	FAY	FAYETTEVILLE	216,446	$952,760	$649,338	$5,410,934	$324,669	$0	$1,602,098	$1,277,429
155.	AVL	ASHEVILLE	216,027	$1,107,670	$648,081	$5,400,459	$324,041	$0	$1,755,751	$1,431,711
156.	MGM	MONTGOMERY	212,897	$943,532	$638,691	$5,322,212	$319,346	$0	$1,582,223	$1,262,878

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157.	PIA	PEORIA	210,810	$938,106	$632,430	$5,270,039	$316,215	$0	$1,570,536	$1,254,321
158.	MFE	MCALLEN	202,363	$916,144	$607,089	$5,058,873	$303,545	$0	$1,523,233	$1,219,689
159.	GNV	GAINESVILLE	198,782	$906,833	$596,346	$4,969,351	$298,173	$0	$1,503,179	$1,205,006
160.	PIE	ST.PETERSBURG	198,516	$714,906	$595,548	$4,962,701	$297,774	$0	$1,310,454	$1,012,680
161.	ILM	WILMINGTON, NC	198,122	$905,117	$594,366	$4,952,852	$297,183	$0	$1,499,483	$1,202,300
162.	FAR	FARGO	196,393	$900,622	$589,179	$4,909,829	$294,590	$0	$1,489,801	$1,195,212
163.	BGM	BINGHAMPTON	194,497	$895,692	$583,491	$4,862,231	$291,746	$0	$1,479,183	$1,187,438
164.	GSN	SAIPAN	178,238	$853,419	$534,714	$4,455,772	$267,357	$0	$1,388,133	$1,120,776
165.	PSC	PASCO	175,007	$805,740	$525,021	$4,375,000	$262,511	$0	$1,330,761	$1,068,251
166.	ORH	WORCESTER	171,700	$836,420	$515,100	$4,292,328	$257,550	$0	$1,351,520	$1,093,970
167.	CMI	CHAMPAIGNE	170,937	$834,436	$512,811	$4,273,254	$256,406	$0	$1,347,247	$1,090,842
168.	ERI	ERIE	170,487	$833,266	$511,461	$4,262,005	$255,731	$0	$1,344,727	$1,088,997
169.	MSO	MISSOULA	169,948	$831,865	$509,844	$4,248,530	$254,922	$0	$1,341,709	$1,086,787
170.	GJT	GRAND JUNCTION	164,473	$884,398	$493,419	$4,111,661	$246,710	$0	$1,377,817	$1,131,108
171.	EYW	KEY WEST	163,974	$816,332	$491,922	$4,099,186	$245,961	$0	$1,308,254	$1,062,293
172.	RAP	RAPID CITY	162,409	$812,263	$487,227	$4,060,063	$243,614	$0	$1,299,490	$1,055,877
173.	MKK	MOLOKAI	160,860	$808,236	$482,580	$4,021,339	$241,290	$0	$1,290,816	$1,049,526
174.	ATW	APPLETON	160,044	$806,114	$480,132	$4,000,940	$240,066	$0	$1,286,246	$1,046,180
175.	RST	ROCHESTER, MN	155,663	$794,724	$466,989	$3,891,419	$233,495	$0	$1,261,713	$1,028,219
176.	MFR	MEDFORD	146,423	$770,700	$439,269	$3,660,429	$219,635	$0	$1,209,969	$990,335
177.	DET	DETROIT CITY	142,579	$760,705	$427,737	$3,564,332	$213,869	$0	$1,188,442	$974,574
178.	VPS	VALPARAISO	140,430	$755,118	$421,290	$3,510,610	$210,645	$0	$1,176,408	$965,763
179.	ACK	NANTUCKET	136,729	$745,495	$410,187	$3,418,088	$205,094	$0	$1,155,682	$950,589
180.	CHO	CHARLOTTESVILLE	135,855	$743,223	$407,565	$3,396,239	$203,783	$0	$1,150,788	$947,006
181.	SPI	SPRINGFIELD, IL	133,666	$737,532	$400,998	$3,341,516	$200,499	$0	$1,138,530	$938,031
182.	FNT	FLINT	133,207	$736,338	$399,621	$3,330,042	$199,811	$0	$1,135,959	$936,149
183.	GTF	GREAT FALLS	131,667	$732,334	$395,001	$3,291,543	$197,501	$0	$1,127,335	$929,835
184.	BIS	BISMARCK	131,552	$732,035	$394,656	$3,288,668	$197,328	$0	$1,126,691	$929,363
185.	BLI	BELLINGHAM	129,085	$725,621	$387,255	$3,226,996	$193,628	$0	$1,112,876	$919,249
186.	ITH	ITHACA	128,274	$723,512	$384,822	$3,206,722	$192,411	$0	$1,108,334	$915,923
187.	BFL	BAKERSFIELD	126,901	$719,943	$380,703	$3,172,398	$190,352	$0	$1,100,646	$910,295

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188.	JAC	JACKSON HOLE	125,369	$715,959	$376,107	$3,134,100	$188,054	$0	$1,092,066	$904,013
189.	LFT	LAFAYETTE	119,157	$700,744	$357,471	$2,978,806	$178,736	$0	$1,058,215	$879,480
190.	ELM	ELMIRA	118,804	$698,890	$356,412	$2,969,981	$178,206	$0	$1,055,302	$877,096
191.	SUX	SIOUX CITY	118,152	$697,195	$354,456	$2,953,682	$177,228	$0	$1,051,651	$874,423
192.	DLH	DULUTH	117,861	$696,439	$353,583	$2,946,407	$176,792	$0	$1,050,022	$873,231
193.	BZN	BOZEMAN	117,115	$694,499	$351,345	$2,927,758	$175,673	$0	$1,045,844	$870,172
194.	KTN	KETCHIKAN	116,474	$692,832	$349,422	$2,911,734	$174,711	$0	$1,042,254	$867,543
195.	CWA	MOSINEE	114,863	$688,644	$344,589	$2,871,460	$172,295	$0	$1,033,233	$860,939
196.	PHF	NEWPORT NEWS	114,654	$688,100	$343,962	$2,866,235	$171,981	$0	$1,032,062	$860,081
197.	FYV	FAYETTEVILLE, AR	114,330	$687,258	$342,990	$2,858,136	$171,495	$0	$1,030,248	$858,753
198.	MLU	MONROE	108,741	$672,727	$326,223	$2,718,416	$163,112	$0	$998,950	$835,839
199.	OAJ	JACKSONVILLE, NC	108,583	$672,316	$325,749	$2,714,466	$162,875	$0	$998,065	$835,191
200.	HTS	ASHLAND, KY	106,199	$666,117	$318,597	$2,654,869	$159,299	$0	$984,714	$825,416
		Sub Total Non Hub	11,245,762	$54,192,170	$33,737,286	$281,132,004	$16,868,643	$0	$87,929,456	$71,060,813
		GRAND TOTAL	473,103,422	$528,103,463	$1,419,310,266	$11,827,112,447	$439,207,234	$185,088,062	$1,762,325,668	$1,508,206,496

Notes to AOCI/AAAE and DOT/FAA Plans

1. Passenger Facility Charge (PFC) revenues are based upon a $3.00 per passenger enplanement fee.

2. PFC bonding power assumes a 8.0% interest rate and 15 year term to maturity. It represents the estimated total borrowing power which can be supported by the annual revenues raised by a $3.00 PFC to repay debt service.

3. The DOT/FAA PFC Plan calls for a $0.50 giveback of AIP passenger entitlements for every $1 of PFC earned by the airport, not to exceed the total amount of entitlements received. Airports that impose a $3.00 PFC and enplane more than 5 million passengers would give up all of their entitlement funds.

4. The AOCI/AAAE PFC Plan limits the maximum giveback for airports imposing PFCs to 50% of total passenger entitlements for large and medium hub airports. Small and non-hub airports would retain 100% of their entitlements.

WILLIAM G. MOORE, JR., PRESIDENT
METROPOLITAN NASHVILLE AIRPORT AUTHORITY

GREETINGS:

JAMES L. OBERSTAR, CHAIRMAN

ALL MEMBERS OF THE COMMITTEE, AND

REPRESENTATIVE BOB CLEMENT, FIFTH CONGRESSIONAL DISTRICT OF TENNESSEE; MEMBER OF U. S. HOUSE SUBCOMMITTEE ON AVIATION

REPRESENTATIVE JOHN J. DUNCAN, SECOND CONGRESSIONAL DISTRICT OF TENNESSEE; MEMBER OF U. S. HOUSE SUBCOMMITTEE ON AVIATION

GENERAL COMMENTS:

THANK YOU FOR THIS OPPORTUNITY TO OFFER FACTS AND OBSERVATIONS ON PASSENGER FACILITY CHARGES (PFC) AT INDIVIDUAL AIRPORTS.

I AM IN FAVOR OF PASSENGER FACILITY CHARGES.

THE PROMPT AVAILABILITY OF FUNDS GENERATED FROM PFCS IS REQUIRED IF LOCAL AND REGIONAL AIRPORTS ARE TO MEET THE DEMAND FOR ADDITIONAL CAPACITY CREATED BY THE INCREASED USE OF THE NATION'S AIR TRANSPORTATION SYSTEM.

So, I am here to urge you to permit local communities to implement PFCs. The use of these funds should be administered through the Federal Aviation Administration (FAA) with Congressional oversight.

I want to begin by expressing my admiration and respect for the work of this subcommittee. Your efforts serve every citizen who depends upon safe, efficient air transportation. You also foster domestic and international business and commerce, and thereby dramatically improve the economic and cultural aspects of local communities, states, and regions.

You are responding to an agenda that calls for a national, as opposed to a local or regional, air transportation system. You have produced dramatic accomplishments in a task that will continue to be challenging and demanding.

The Middle Tennessee community is deeply appreciative of the direct benefits it has received from the Letter of Intent (LOI) and Noise Reimbursement legislation you have produced. We also recognize and appreciate the timely and professional implementation of this legislation by the FAA offices here in Washington and in Atlanta, Georgia. The cooperative work between the members of this committee, its capable staff, and the FAA is impressive. That

COOPERATION HAS PROVIDED OUR AIRPORT AUTHORITY WITH THE FLEXIBILITY TO RESPOND TO OUR COMMUNITY'S NEEDS FOR FACILITIES AND NOISE MITIGATION. THE PROGRAMS YOU AUTHORIZED ARE NOW BEING IMPLEMENTED BY OUR AIRPORT AUTHORITY IN MIDDLE TENNESSEE.

OURS IS A REGION OF GROWING IMPORTANCE IN THE NATION'S SYSTEM OF AIR TRANSPORTATION. OUR MARKET SERVES IN EXCESS OF TWO (2) MILLION PEOPLE IN TENNESSEE, ALABAMA, AND KENTUCKY. OUR REGION IS CENTRALIZED, LOCATED WITHIN JUST 500 MILES OF APPROXIMATELY 70% OF THE NATION'S POPULATION.

THE AMERICAN AIRLINES' AND AMERICAN EAGLE HUBS AT NASHVILLE ARE DRAMATICALLY INCREASING THE LEVEL OF HUB OPERATIONS REQUIRED AT NASHVILLE. THESE EXPANSIONS WILL GREATLY INFLUENCE FUTURE OPERATIONS AND CAPITAL PROJECTS AT NASHVILLE INTERNATIONAL AIRPORT AND JOHN C. TUNE GENERAL AVIATION AIRPORT.

THE AIRFIELD AT NASHVILLE INTERNATIONAL AIRPORT HANDLED 266,000 OPERATIONS BY AIR CARRIERS, COMMUTERS, GENERAL AVIATION, AND MILITARY AIRCRAFT IN 1989. DUE TO INCREASES IN OPERATIONS BY THE HUB CARRIER, TOTAL OPERATIONS AT NASHVILLE INTERNATIONAL ARE PROJECTED TO REACH 347,000 OPERATIONS IN 1991. THE VAST MAJORITY OF THESE OPERATIONS MUST BE ACCOMMODATED IN THE SIX CRITICAL PEAK

PERIODS OF THE DAY. TODAY'S AIRFIELD CONFIGURATION WILL BE GROSSLY OVERTAXED BY 1991 WITHOUT SIGNIFICANT IMPROVEMENT.

SIGNIFICANT GROWTH WILL CONTINUE WITH OVER 390,000 ANNUAL OPERATIONS BY 1995 (FIVE YEARS), AND OVER 450,000 OPERATIONS BY 2000 (TEN YEARS. WE ESTIMATE THAT OUR COMMUNITY WILL REQUIRE $182 MILLION FOR EXPANSION DURING THE COMING FIVE YEARS, AND $300 MILLION DURING THE COMING TEN YEARS IN ORDER TO MEET DEMANDS.

THE NEED FOR INCREASED FUNDING IS ALSO REFLECTED IN OTHER AREAS OF TENNESSEE. OUR STATE'S AIRPORTS NEED $435 MILLION IN CAPITAL IMPROVEMENTS AND EXPANSION PROJECTS OVER THE NEXT FIVE YEARS FOR NOISE MITIGATION, RUNWAY AND AIRFIELD EXPANSION, AND SAFETY AND SECURITY PROJECTS.

NATIONALLY, AIRPORTS WILL NEED $10 BILLION EACH YEAR TO FINANCE NECESSARY EXPANSION.

ALL OF THESE PROJECTIONS DEMONSTRATE THAT THE ISSUE WE FACE IN MEETING THE DEMAND FOR INCREASED CAPACITY IS CLEARLY DEFINED: WE MUST HAVE MORE MONEY, AND WE MUST HAVE IT SOON.

Other than the implementation of PFCs, there appears to be no way short of an increase in the present 8% ticket tax to meet such capacity demands.

The Aviation Trust Fund, generated by the present ticket tax, now contains approximately $7 billion. As you know, AIP is authorized at $1.8 billion this year, but only receives $1.4 billion in appropriations. These numbers clearly illustrate the drastic shortage of funds from present sources, and the availability of these funds falls far short of the current and future capacity demands.

It is apparent that AIP eligible airports need immediate funds. The air carriers presently pay their share of these improvements. It is the timely federal share that falls short of the need.

There has been much discussion about meeting these needs through local bond issues. Most airports, including Nashville, do not have the financial ability without airline and federal support to meet the repayment requirements of financial underwriters. The right to impose PFCs would markedly improve the bond capability at Nashville and other airports.

THE ADVANTAGE OF PROPOSED PFCs IS THAT FUNDS WOULD BE TARGETED TO AIRPORT IMPROVEMENTS IN THE COMMUNITY IN WHICH THEY ARE IMPLEMENTED WITHIN A TIME FRAME THAT FITS THE NEEDS OF THAT COMMUNITY. IT IS VERY IMPORTANT THAT THESE FUNDS BE EARMARKED BY THE CONGRESS FOR AIRPORT PURPOSES ONLY, WHICH WILL REQUIRE FAA REGULATION AND CONTROL. IDEALLY, THE USE OF SUCH FUNDS SHOULD BE IMPLEMENTED WITH FLEXIBILITY TO SUPERSEDE MAJORITY-IN-INTEREST PROVISIONS IN EXISTING AGREEMENTS BETWEEN AIR CARRIERS AND AIRPORTS.

ALL OF THIS BOILS DOWN TO A SIMPLE FACT: PFCs REPRESENT THE MOST VIABLE ALTERNATIVE IN FUNDING PRESENT AND FUTURE NEEDS FOR INCREASED CAPACITY AT OUR NATION'S AIRPORTS. THE RIGHT OF LOCAL COMMUNITIES TO IMPLEMENT PFCs SHOULD BE APPROVED AS RAPIDLY AS POSSIBLE BY THIS SUBCOMMITTEE.

ADDITIONALLY, I WOULD LIKE TO COMMENT BRIEFLY ON EACH OF THE SPECIFIC PROPOSALS AND SUBSIDIARY ISSUES INCLUDED IN THE ANNOUNCEMENT OF THIS HEARING.

COMMENTS ON SPECIFIC PROPOSALS:

HR 4444 - THIS LEGISLATION SHOULD BE REVIEWED TO MAKE CERTAIN THAT:

1. AIRPORTS ARE PERMITTED TO IMPLEMENT PFCs FOR AIRPORT PROJECTS ONLY.

2. PFCs supplement, not replace, AIP funds.
3. The reduction of the enplanement entitlement by 50% if PFCs are introduced should not be permitted. PFCs are an addition to, not a replacement for, entitlements.

AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE:

The mechanism suggested by this committee appears to provide an orderly process for the implementation and use of PFCs. It should be noted that the FAA presently has systems which provide, or could be adapted to provide, the most effective process, insuring control and eliminating delays that could be created by extended public hearings. The process should conform to the present method of funding airport improvements. Congress should hold hearings, and based on its findings, the FAA should be charged with implementation.

De Fazio/Lipinski Proposal:

No comment unless we learn content in advance from Clement.

SUBSIDIARY ISSUES:

1. Do airports need additional source of revenue to finance capital development? YES

* WHAT ARE THE REASONS AN ADDITIONAL SOURCE IS NEEDED:

CAPACITY LIMITATIONS BASED ON PROJECTED DEMAND;

RISK TO PUBLIC SAFETY AND EFFICIENCY IF CAPACITY REQUIREMENTS ARE NOT MET;

INABILITY OF PRESENT FUNDING SOURCES AND SYSTEMS TO MEET CAPACITY DEMANDS ON A TIMELY BASIS.

2. SHOULD THERE BE LEGISLATIVE LIMITATIONS ON THE AMOUNT OF A PFC?

YES. THESE LIMITATIONS SHOULD BE ADMINISTERED BY THE FAA WITH ADEQUATE LATITUDE TO DEAL WITH SPECIAL OR EXCEPTIONAL NEEDS OF AN INDIVIDUAL AIRPORT. THE GOAL MUST BE TO PROVIDE OPTIMUM UNIFORMITY AND CONSISTENCY WITHIN THE NATION'S DEREGULATED AIR TRANSPORTATION SYSTEM.

* SHOULD AN AIRPORT BE ALLOWED TO CHANGE THE AMOUNT OF A PFC AFTER IT STARTS COLLECTING ONE?

YES, WITH FAA APPROVAL OPERATING WITHIN CONGRESSIONAL OVERSIGHT.

* SHOULD AN AIRPORT BE ALLOWED TO IMPOSE A PFC ON PASSENGERS CHANGING FLIGHTS AT THE AIRPORT?

ONLY IF A TICKET IS CHANGED.

3. SHOULD THERE BE A REQUIREMENT THAT AN AIRPORT DEMONSTRATE (OR CERTIFY) THAT PFCS (AND/OR PARTICULAR PROJECTS WHICH WOULD BE SUPPORTED BY A PFC) ARE NEEDED BEFORE AN AIRPORT IS ALLOWED TO CHARGE A PFC?

YES, IN ALL CASES, ABSOLUTELY. NEEDS SHOULD BE EVALUATED BY THE FAA.

4. SHOULD THERE BE LIMITATIONS ON THE USES OF REVENUES FROM A PFC?

YES. PFCs MUST BE EARMARKED FOR AIRPORT USES ONLY, AS OPPOSED TO BEING USED BY A LOCAL COMMUNITY FOR NON-AIRPORT SERVICES OR CAPITAL PROJECTS.

* SHOULD THE PROCEEDS BE USED ONLY FOR PROJECTS ELIGIBLE FOR AIP GRANTS?

NO. THERE MUST BE FLEXIBILITY, WITH FAA OVERSIGHT, BUT LIMITED TO AIRPORT NEEDS AS OPPOSED TO GENERAL COMMUNITY PROJECTS.

5. SHOULD THE AIRLINES OR OTHER AIRPORT USERS HAVE ANY ROLE IN DECIDING WHETHER A PFC SHOULD BE IMPOSED AND HOW THE PROCEEDS SHOULD BE SPENT?

AIR CARRIERS AND OTHER USERS SHOULD HAVE NO DIRECT AUTHORITY IN DECIDING WHETHER A PFC SHOULD BE IMPOSED OR HOW THE PROCEEDS SHOULD BE USED. THEIR OPINIONS AND AGREEMENT WILL OF NECESSITY BE SOUGHT AND WEIGHED BY AIRPORTS, BUT THESE PRIMARY DECISIONS MUST BE THE RESPONSIBILITY OF THE AIRPORTS. PFCs SHOULD BE FEDERALLY PROTECTED LOCAL REVENUE SOURCES. PFCs WOULD THEREFORE SUPERSEDE MAJORITY-IN-INTEREST PROVISIONS OF THE AIRLINES.

* SHOULD AN AIRPORT BE ALLOWED TO ENTER INTO CONTRACTS WITH AIRLINES WHICH LIMIT THE AIRPORT'S ABILITY TO IMPOSE A PFC BEYOND THE LIMITATIONS IMPOSED BY LAW?

NO. AN AIRPORT SHOULD NOT BE PERMITTED TO WAIVE ITS RIGHT TO IMPOSE PFCs BY CONTRACT WITH AIRLINES.

6. SHOULD THE FEDERAL GOVERNMENT HAVE ANY ROLE IN DECIDING WHETHER A PFC SHOULD BE IMPOSED?

YES. THE ROLE OF CONGRESS IS TO PROVIDE ENABLING LEGISLATION; THE FAA MUST OVERSEE THE USES OF FUNDS GENERATED BY PFCs; WITH CONGRESSIONAL OVERSIGHT.

* SHOULD THE FEDERAL GOVERNMENT HAVE ANY ROLE IN APPROVING THE PROJECTS TO BE FUNDED BY A PFC?

YES. THE FAA SHOULD BE EMPOWERED TO APPROVE PROJECTS AND SHOULD CONTINUE ITS REVIEW OF PROJECTS UNDERWAY.

7. SHOULD STATE OR LOCAL GOVERNMENTS BE PREEMPTED FROM IMPOSING ANY LIMITATIONS ON AN AIRPORT'S ABILITY TO COLLECT A PFC BEYOND THE LIMITATIONS IMPOSED BY FEDERAL LAW?

YES, IN ORDER TO ENSURE UNIFORMITY OF CHARGES AND FAIRNESS TO CONSUMERS.

8. SHOULD AN AIRPORT IMPOSING A PFC BE REQUIRED TO FOREGO ANY AIRPORT IMPROVEMENT FUNDS FOR WHICH IT WOULD OTHERWISE BE ELIGIBLE?

NO. THE PURPOSE OF PFCs IS TO PROVIDE ADDITIONAL FUNDS FOR THE TIMELY DEVELOPMENT OF PROJECTS TO MEET CAPACITY DEMAND. AIP FUNDING IS SORELY NEEDED NOW, AND IT WILL BE IN THE FUTURE. THE PUBLIC HAS A RIGHT TO EXPECT THAT FUNDS THEY HAVE PREVIOUSLY CONTRIBUTED TO ENSURE AIRPORT SAFETY AND EFFICIENCY WILL BE USED FOR THAT PURPOSE BASED ON NEED OF THE AIRPORTS.

9. SHOULD THERE BE A REQUIREMENT THAT THE SURPLUS IN THE TRUST FUND MUST BE REDUCED BELOW A SPECIFIED LEVEL BEFORE PFCs CAN BE IMPOSED?

NO. PFCs PROVIDE ADDITIONAL FUNDS NEEDED NOW. THE LEVEL OF THE SURPLUS IN THE TRUST FUND IS PRESENTLY INADEQUATE. FOR EXAMPLE, IF THE TOTAL $7 BILLION PRESENTLY IN THE TRUST FUND WERE APPROPRIATED FOR IMMEDIATE USE, THEY WOULD MEET ONLY 70% OF $10 BILLION REQUIRED THIS YEAR.

STATEMENT OF THE HONORABLE SAMUEL K. SKINNER
SECRETARY OF TRANSPORTATION

before the
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, SUBCOMMITTEE ON AVIATION

concerning
PASSENGER FACILITY CHARGES

June 19, 1990

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I APPRECIATE THIS OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE TODAY TO ADDRESS CREATIVE RESPONSES TO ONE OF THE BIGGEST PROBLEMS WE FACE IN COMMERCIAL AVIATION TODAY. THERE IS GROWING CONGESTION AT MAJOR AIRPORTS THROUGHOUT OUR NATIONAL AVIATION SYSTEM, AND WE NEED TO FIND FINANCING TO UNDERTAKE PLANNED FACILITIES NOW AND BE READY FOR THOSE ON THE HORIZON.

PERHAPS THE SINGLE MOST IMPORTANT THING WE CAN DO TO ENHANCE AIRLINE COMPETITION IS TO DEVELOP CAPACITY TO ENCOURAGE NEW ENTRANTS. A PASSENGER FACILITY CHARGE MAY WELL BE THE CRITICAL COMPONENT IN ACHIEVING SUCH CAPACITY GROWTH. SOME IN THE INDUSTRY HAVE SUGGESTED THAT EXISTING SOURCES OF REVENUES ARE ADEQUATE TO FINANCE FUTURE AIRPORT DEVELOPMENT NEEDS. IF THAT IS SO AT A SPECIFIC AIRPORT, THEN IT WOULD ELECT NOT TO IMPOSE A FEE. BUT FOR THE MANY AIRPORTS THAT WILL BE ACCOMMODATING THE 65% INCREASE IN ENPLANEMENTS BY THE TURN OF THE CENTURY AND THOSE ALREADY AFFECTED ACROSS THE COUNTRY, A PFC WOULD PROVIDE ANOTHER NEEDED OPTION TO FINANCE DEVELOPMENT.

THIS SUBCOMMITTEE HAS JUST PRODUCED ITS BILL TO RENEW THE FEDERAL AIRPORT AND AIRWAY FUNDING MECHANISMS, WE ARE VERY PLEASED TO SEE A GREATER COMMITMENT TO FUNDING AIR TRAFFIC CONTROLLERS AND OTHER CRITICAL ASPECTS OF FAA OPERATIONS FROM THE TRUST FUND ALONG WITH CAPITAL PROJECTS. THE OVERALL APPROACH OF THE BILL IS THE MOST CONSTRUCTIVE PROPOSAL TO ADDRESS TRUST FUND BALANCES THAT HAS BEEN MADE SINCE THE PROBLEM DEVELOPED IN THE EARLY 80's. THE QUESTION NOW IS WHETHER WE CAN REACH BEYOND THE FEDERAL PROGRAMS FINANCED BY FEDERAL USER FEES AND OBTAIN ADDED FINANCING THAT IS OUTSIDE THE ANNUAL BUDGET STRUGGLE.

THE NEEDS FOR AIRPORT CAPACITY GROWTH ARE CLEAR AND SUBSTANTIAL. THE PROCESS OF DEVELOPING THE NATIONAL TRANSPORTATION POLICY DEMONSTRATED THAT THIS IS THE MAJOR ISSUE FOR AVIATION. I AM FIRMLY CONVINCED THAT REMOVING THE FEDERAL PROHIBITION ON PFC's WILL DO MUCH TO HELP SOLVE OUR CAPACITY PROBLEMS THROUGHOUT THE ENTIRE SYSTEM.

SINCE DEREGULATION, ENPLANEMENTS ARE UP 65 PERCENT, SAVING THE AMERICAN ECONOMY -- AND CONSUMERS -- $100 BILLION SINCE 1978. BUT THIS GROWTH HAS HAD ITS COST IN STRAIN ON THE SYSTEM. THE COUNTRY NOW HAS 21 PRIMARY AIRPORTS THAT EACH EXPERIENCE MORE THAN 20,000 HOURS IN ANNUAL FLIGHT DELAYS. UNLESS CAPACITY IS EXPANDED, THE NUMBER MAY GROW TO 39 AIRPORTS BY 1997.

IN DEVELOPING OUR PROPOSAL LAST SUMMER FOR RENEWING THE "AIRPORT AND AIRWAY IMPROVEMENT ACT", WE AIMED TO FIND A MEANS TO EXPAND

CAPACITY THAT IS NOT SUBJECT TO THE FEDERAL BUDGET. AFTER CAREFULLY ANALYZING A HOST OF OPTIONS, WE CONCLUDED THAT A CAREFULLY BALANCED PASSENGER FACILITY CHARGE COULD BE OF IMMEDIATE AND SUBSTANTIAL HELP TO LOCALITIES WITH CONCRETE PLANS TO EXPAND. CONGRESS HAD ACTED TO BAN SUCH CHARGES IN THE EARLY 70's BECAUSE OF PERCEIVED ABUSES, BUT WE CONCLUDED THAT BOTH THE NATIONAL INTEREST AND THE LOCAL INTEREST COULD BE SATISFIED WITH A PFC THAT HAD A MINIMUM OF LEGISLATIVE STRICTURES, IN PLACE OF THE OUTRIGHT BAN.

WE ALSO HAD THE BENEFIT OF ONGOING WORK BY THE AIRPORT CAPACITY FUNDING ADVISORY COMMITTEE CONVENED AT CONGRESS' DIRECTION LAST WINTER, AND HEADED BY FORMER DEPUTY TRANSPORTATION SECRETARY MIMI DAWSON. HER TASK FORCE'S INITIAL WORK CONTRIBUTED TO FLESHING OUT USEFUL PARAMETERS OF A FEE MECHANISM TO SATISFY THE MANY CONCERNED PARTIES, AND TO TRANSFORM IDEAS TO CONCRETE PROPOSALS.

I APPLAUD THE MEMBERS OF THE COMMITTEE FOR THEIR WORK, AND THE FULL PARTICIPATION OF THE AIRLINE REPRESENTATIVES NOTWITHSTANDING THEIR RESERVATIONS ABOUT THE WISDOM OF THIS MECHANISM. OUR PROPOSAL CONTAINS MANY OF THE RECOMMENDATIONS SUBSEQUENTLY MADE BY THE COMMITTEE, AND WE AGREE WITH MANY OF THE OTHER SPECIFICS THAT IT RECOMMENDS. IN A NUMBER OF CASES THE COMMITTEE SUGGESTED SPECIFICS THAT GO BEYOND WHAT WE CONSIDERED BUT WHICH COULD BE ACCOMMODATED IT THE RULEMAKING PROCESS.

THERE ARE SEVERAL FACTORS WHICH WILL BE FUNDAMENTAL TO THE SUCCESS OF THE PFC MECHANISM. FOREMOST, THIS IS NOT A TAX BUT MUST BE A VOLUNTARY CHARGE, WITH EACH LOCALITY IN A POSITION TO DECIDE WHETHER OR NOT TO LEVY A PFC AND WHAT PROJECTS TO PURSUE. THE POWER TO USE PFC FINANCING MUST RESIDE WITH THOSE AT THE AFFECTED FACILITY, BECAUSE THEY WILL BE ACCOUNTABLE TO THEIR CUSTOMERS FOR IMPOSING THE CHARGE. CONGRESS WILL NOT.

IN THIS REGARD, I EMPHASIZE THAT WE SIMPLY PROPOSE TO REMOVE THE FEDERAL BARRIER TO PFC's -- NOT DICTATE THAT AN AIRPORT USE THE AUTHORITY UNLESS AND UNTIL IT UNDERTAKES PROJECTS THAT WILL IMPROVE SERVICE FOR ITS TRAVELERS. THIS IS A PRO-CONSUMER PROPOSAL. THE DOLLARS THAT RESULT WILL GO DIRECTLY TO REDUCING DELAYS AT THE FACILITY WHERE CHARGED, AND TO OPENING COMPETITIVE OPPORTUNITIES THAT WILL HOLD FARES DOWN.

AT THE SAME TIME, WE MUST GUARD AGAINST WHAT WERE PERCEIVED TO BE THE DEFICIENCIES OR ABUSES OF PFC's IN THE PAST. I THINK A LOT OF PEOPLE BELIEVED THAT LOCALITIES WERE ATTEMPTING TO SOLVE THEIR LOCAL, NON-AVIATION FISCAL PROBLEMS BY EXTRACTING A FEE FROM AIRLINE PASSENGERS AS THEY PASSED THROUGH THE AIRPORT. THIS IS UNFAIR, AND ALLOWING IT WOULD MEAN THAT THE PROBLEM WE SEEK TO SOLVE -- AIRPORT CONGESTION -- WOULD NOT BE ADDRESSED.

I COMPLIMENT THE VARIOUS MEMBERS WHO HAVE BEEN WORKING ON A PFC PROPOSAL FOR THEIR EFFORTS IN DRAWING UP A MINIMUM NUMBER OF FEDERAL LIMITATIONS AND PROCEDURES THAT SHOULD ACCOMPANY THIS NEW

LOCAL AUTHORITY. THE LIPINSKI BILL APPEARS TO STRIKE A BALANCE BETWEEN THE LOCALITY'S INTERESTS AND THOSE OF THE OTHER INVOLVED PARTIES, ALTHOUGH WE STILL HAVE SEVERAL CONCERNS.

A BROAD CONSENSUS ON THE STATUTORY BOUNDARIES WITHIN WHICH PFC DECISIONS ARE MADE WILL BE CRITICAL, BECAUSE THIS CAN'T BE VIEWED AS SIMPLY A SHORT-TERM EXPERIMENT. THE BOND MARKETS MUST HAVE CONFIDENCE THAT THE EXISTING BAN ON FEES WILL NOT BE REIMPOSED AND STIFLE A REVENUE STREAM THAT IS INTENDED TO REPAY OVER YEARS THE MULTI-MILLION DOLLAR COMMITMENTS THAT WILL BE MADE TO ENHANCE CAPACITY UP FRONT.

WITH RESPECT TO DETAILED ASPECTS OF THE FEE AND ITS CONTROL, OUR ORIGINAL PROPOSAL CONTEMPLATED THE BAREST MINIMUM OF FEDERAL STRINGS ON THE LOCALITIES' OPTIONS. WHILE WE WOULD STILL PREFER THAT APPROACH, WE REALIZE THAT OTHER APPROACHES CONTEMPLATE SUBSTANTIALLY MORE FAA INVOLVEMENT.

IN THIS REGARD, YOU ASKED WHETHER PROJECTS BEYOND THOSE CURRENTLY ELIGIBLE UNDER THE AIRPORT GRANT PROGRAM SHOULD BE PERMITTED. I CERTAINLY THINK SO. AS LONG AS THE PROJECT IS IN FURTHERANCE OF THE AIR TRANSPORTATION SYSTEM, I BELIEVE THE LOCALITIES SHOULD BE ABLE TO SPEND PFC FUNDS ON THEM. A LOCALITY SHOULD HAVE THE FREEDOM AND AUTHORITY TO IMPOSE A MODEST FEE FOR PROJECTS OTHER THAN AIP PROJECTS AS LONG AS THEY SUBSTANTIALLY BENEFIT MOVEMENT OF PASSENGERS. OUR PRIMARY MOTIVATION IN PROPOSING THE PFC IS CAPACITY ENHANCEMENT; WE WANT TO ENSURE THAT, AT CAPACITY

CONSTRAINED AIRPORTS, EVERY EFFORT IS MADE TO REDUCE DELAY. IN 1978, WE DEREGULATED THE INDUSTRY. THE REMOVAL OF THE BAN ON PFC's IS, IN A SENSE, ANOTHER FORM OF DEREGULATION THAT WILL HELP ADDRESS THE GROWTH FROM THE FIRST.

I WOULD LIKE TO COMMENT ON TWO QUESTIONS RAISED IN THE COMMITTEE NOTICE. SHOULD AN AIRPORT IMPOSING A PFC BE REQUIRED TO FOREGO SOME OR ALL ENTITLEMENT FUNDS AS A RESULT? YES, I THINK SO, AND FOR A CRITICAL REASON. AS A PRACTICAL MATTER, PFC'S ARE PROBABLY MOST VIABLE AT THE LARGE- AND MEDIUM-SIZED AIRPORTS. THE SMALLER AIRPORTS IN YOUR STATES MAY NOT WANT TO IMPOSE A FEE, BECAUSE OF LIGHT TRAFFIC, WITH RESULTING REVENUES BEING TOO SMALL. HOW THEN DO WE FINANCE WORTHY PROJECTS AT THIS CATEGORY OF AIRPORT? THE ANSWER IS WITH MORE DISCRETIONARY AWARDS FROM THE FAA, AND WE PROPOSE THAT FOREGONE ENTITLEMENTS AT THE LARGER AIRPORTS BE FUNNELED INTO THE DISCRETIONARY ACCOUNT FOR THESE PURPOSES.

YOU ALSO SOUGHT COMMENT ON WHETHER THE PFC AUTHORITY SHOULD ACTIVATE ONLY IF THE TRUST FUND BALANCE IS REDUCED BELOW A SPECIFIED LEVEL. I WOULD BE CONCERNED THAT ANY KIND OF "TRIGGERING" MECHANISM THAT IS TIED TO FEDERAL BUDGET ACCOUNTING WILL SEND THE WRONG KIND OF SIGNAL TO THE FINANCIAL COMMUNITIES -- THAT WE ARE TREATING THIS AS SOME KIND OF GIMMICK OR "CARROT" IN A LARGER AGENDA. WE MUST ACT NOW TO CREATE A MECHANISM WHOSE BENEFITS WILL TAKE YEARS TO MATERIALIZE. WITH RESPECT TO THE TRUST FUND BALANCE, I BELIEVE THE SUBCOMMITTEE'S REPORTED BILL

ALREADY DOES THE JOB OF ADDRESSING THE ISSUE, AND THAT THE TWO SUBJECTS SHOULD NOT BE TIED TOGETHER.

IN CLOSING, MR CHAIRMAN, I WOULD LIKE TO COMPLIMENT YOU FOR HOLDING THIS HEARING AND ADDRESSING AN IDEA THAT CAN BE FASHIONED INTO AN EXTREMELY USEFUL TOOL TO MEET THE NATION'S NEED FOR INCREASED AIRPORT CAPACITY. AS IS OFTEN THE CASE, WE FACE A BALANCING HERE BETWEEN LOCAL AND NATIONAL INTERESTS. WE SHOULD NOT INTRUDE UNNECESSARILY INTO DECISIONMAKING BY THE AIRPORT OPERATOR, THE COMMUNITY AT LARGE, THE AIR CARRIERS AT THE FACILITY, AND OTHERS. AT THE SAME TIME, THE PFC MECHANISM MUST LEAD TO AN INCREASE IN WORTHWHILE CAPACITY-ENHANCING PROJECTS OR WE HAVE MISSED THE MARK. FINALLY, A PFC CHARGE MUST NOT BE BURDENSOME -- IN AMOUNT OR IN COLLECTION -- OR ITS UTILITY WILL BE LOST. IF THESE OBJECTIVES ARE MET, I AM CONVINCED THAT WE WILL HAVE THE SUPPORT OF THE FULL SPECTRUM OF AVIATION INTERESTS. I ENCOURAGE QUICK ACTION.

MR. CHAIRMAN, I WOULD BE PLEASED TO RESPOND TO ANY QUESTIONS YOU OR OTHER COMMITTEE MEMBERS MAY HAVE.

ADDITIONS TO THE RECORD

AmericanAirlines

R L CRANDALL
CHAIRMAN AND PRESIDENT

June 26, 1990

The Honorable Jim Oberstar
U.S. House of Representatives
2209 Rayburn Building
Washington, DC 20515

Dear Mr. Chairman:

The need to increase aviation system capacity, including airport capacity, is a clear national priority. American Airlines has come to the conclusion that passenger facility charges, assuming proper conditions to control their use, can be a constructive mechanism to help alleviate the capacity shortage. This letter briefly describes our views on this subject and we request that it be included in the record of the hearing held on June 19.

Historically, the nation has relied on Aviation Trust Fund monies and locally supported airport bonds to fund airport improvements. Increasingly, however, the demand for airport capacity expansion has outpaced the capability of these funding mechanisms, at least partly because the Congress, constrained by the size of the federal deficit, has been unwilling to appropriate existing trust fund monies for their intended purpose.

We believe that locally imposed passenger facility charges can provide some of the additional revenue needed. Obviously, proper limitations are required to assure both the airlines and their passengers that PFC revenues will be used appropriately. Accordingly, we believe it is essential that the imposition of these charges be constrained as follows:

1. PFC revenues collected at one airport should not be used for any purpose other than to provide improvements at that airport. Diverting revenues either to other airports or to any other use should be prohibited.

2. All airport users, cargo shippers and general aviation should contribute on a comparable basis.

3. The amount and nature of the charge should be stated separately on the passenger's ticket.

PO Box 619616, Dallas/Fort Worth Airport, Texas 75261-9616

We urge you to impose these constraints on PFC utilization as part of any legislation that repeals the prohibition against head taxes and authorizes locally imposed passenger facility charges.

Sincerely,

ke

Government Affairs

500 E Street, SW
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Washington, DC 20024
202-554-6060
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June 18, 1990

The Honorable James L. Oberstar
Chairman
Subcommittee on Aviation
Committee on Public Works and Transportation
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The American Automobile Association would like to take this opportunity to express our opposition to H.R. 5056, legislation to allow airports to assess passenger facility charges.

With 900 full-service travel agencies, AAA clubs comprise the largest travel-agency in North America. 1989 sales were about $1.5 billion. We believe that our members and travel agency customers deserve a first-rate airport and airway system and, as users, should pay their share of the costs of building and improving that system.

AAA has consistently supported the passenger taxes which make up the bulk of the Airport and Airway Trust Fund despite the troubling buildup of an unobligated balance in the trust fund. AAA believes the trust fund concept has been a fair way of assessing passengers for their use of the air system, including airports -- even in the face of substantial underfunding of the Airport Improvement Program.

Passenger facility charges have been described as an innovative way to reduce airport gridlock that avoids federal budgetary problems by putting the money in local hands and taxes the proper beneficiary of the airport -- the passenger. AAA believes these contentions are facile and hide several very real problems and inequities inherent in such taxes.

First, the PFC must be seen for what it is -- a tax on air passengers. Or rather, another tax on passengers.

Air passengers already pay an 8 percent ticket tax on domestic flights. More indirectly, they pay through the cost of their ticket a tax on aviation fuel. The legislation before the Subcommittee would allow airports to levy up to $3 per passenger. Assuming the top 50 airports were to charge $3 per passenger, that would amount to $1 billion per year in new consumer taxes.

Moreover, this funding gimmick is not new. Before 1973 some airports charged head taxes (as passenger facility charges were the more accurately called), but problems occurred. Some of the revenues were diverted to nonaviation purposes. Because the taxes were collected at airports, passengers balked at paying them.

AAA recognizes that the legislation before the Subcommittee would require airlines to collect the PFC as a part of the ticket payment as being more efficient and less confusing than collecting the fee at the airport. But AAA asks: Is it only more efficient to collect the tax that way, or does it also make it less transparent to the air passenger that he is being taxed?

On March 20, Secretary Samuel Skinner told critics of PFCs that they "should get out of Washington and take the pulse of the average traveler. He or she **doesn't know** and often **doesn't care** about an 8% ticket tax or a trust fund with a declining balance. What travelers care about most is getting the biggest bang for the buck" (Aviation Daily, March 21, 1990, p. 554; emphasis added). Setting aside the merits of getting the biggest bang for the buck, AAA finds extremely troubling the seeming implication that if you can tax someone without their knowledge or understanding of it -- go for it.

Congress banned head taxes in 1973. The legislative history leading to that decision is informative and, AAA believes, still relevant today. Certain excerpts of the Senate report (S. Rept. 93-12) to that legislation follow:

> The head tax brings on confusion, delay, anger and resentment and cuts against the grain of the traditional American right to travel among the States unburdened by travel taxes.
>
> Congress...established a uniform national program of taxation and funding for airport improvements. This Committee never intended that air travelers would be subject to state and local head taxes as well as to national user charges...It is unfair that this is happening now since state and local head taxes constitute an inequitable, double burden of taxation on air passengers. Obviously, this runs counter to the whole concept of uniformity underlying the Airport and Airways Development Act, and the maintenance of a national air transportation system.
>
> The head tax imposes a flat rate on passengers, regardless of the distance traveled by the passenger.

Air passengers are already being charged sufficiently at the Federal level through an 8 percent user charge on domestic tickets and $3 per person on international tickets, and it is not necessary to place a double burden on them.

Because of these and other problems -- such as inadequate safeguards to ensure the taxes were reasonable and not discriminatory, or that they were even being used for airport purposes -- Congress outlawed head taxes in 1973.

Second, the argument that PFCs would avoid the continual federal budgetary quagmire and get the money to the local level is true as far as it goes. But there are still hard questions:

(1) Even if legislation requires that PFC revenues be used only for airport purposes, what are airport purposes? Only traditional airside projects such as runways? Landside projects such as gates? Parking lots, intermodal projects, airport access roads? Could they be used to service existing airport debt?

(2) Will PFCs be charged on every leg of a flight? Assuming a $3 PFC on every leg, a family with children unable to get a nonstop flight could have a sizable extra chunk of taxes to pay. Do passengers on a direct, 1-stop flight pay at their one stop? -- they are "using" the airport.

(3) How would a PFC be administered? Will travel agents collect it as part of the ticket price -- or separately? Who refunds it if the passenger (a) cancels his flight; (b) is diverted to another airport for weather reasons; (c) changes travel plans or changes flights because of an airline problem and therefore changes airports?

Third, is the passenger really the primary beneficiary of airport expansion? The discussion surrounding a proposed third Chicago-area airport may highlight the problems with this argument.

According to Aviation Daily, (February 20, p. 346) Chicago Mayor Richard Daley estimated that the proposed new airport -- to be financed in part by PFCs at O'Hare and Midway -- would cost $4.9 billion. But, he also estimated that the new airport would provide:

- 40,000 on-airport jobs
- 40,000 off-airport jobs
- 120,000 "induced" jobs by the airport
- 22,000 airport construction jobs.

Further, he estimated $13.7 billion in annual economic benefits from the airport. Compare that to the $4.9 billion cost.

If a new airport will yield more in annual economic benefits to Chicago than the cost of the airport -- aren't at least the major beneficiaries of the airport the citizens of Chicago?

AAA recognizes that air passengers should pay for their use of the air transportation system. But AAA believes they shouldn't be considered easy targets.

There are other alternatives to PFCs that should be explored, particularly spending from the aviation trust fund the revolving loan fund concept, wayports, and others.

AAA commends the Aviation Subcommittee and you, its chairman, for the historical fairness and diligence in overseeing the aviation trust fund and the programs it funds. You and your subcommittee's well-deserved reputation for a thoughtful, knowledgeable, and far-sighted approach to developing and improving the air system is much appreciated by those who depend upon that system.

Thank you for this opportunity to present our views.

Sincerely,

John Archer

John Archer
Managing Director

cc: Members of the House Subcommittee on Aviation

America West Airlines

4000 East Sky Harbor Boulevard, Phoenix, Arizona 85034, (602) 894-0800
EDWARD R. BEAUVAIS
Chairman/CEO

June 18, 1990

The Honorable James L. Oberstar
Chairman, Aviation Subcommittee
Committee on Public Works and Transportation
U.S. House of Representatives
2251 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Oberstar:

I am writing with respect to various legislative proposals that have been made concerning the imposition of passenger facility charges by airports for airport-related capacity enhancement projects, and the hearing that the Aviation Subcommittee will be holding on these charges tomorrow. As you know, the present inability to expand dramatically our nation's aviation system capacity is having a significant adverse impact on customer service and competition. We believe that a passenger facility charge, properly tailored for capacity enhancement and part of a comprehensive program as outlined below, holds significant promise to reduce congestion and enhance competition.

As a new entrant carrier that began service in 1983 and has now grown to become a "major" air carrier serving 60 destinations throughout the United States, we are concerned that there be sufficient airport capacity to accommodate carriers such as America West that seek to grow. Indeed, recent press reports indicate that the Justice Department is in the process of evaluating whether such access issues may, in fact, be impeding competition.

As a consequence of our concern and the need to assure that we have an air transportation system which provides sufficient growth to permit competition, we believe that the enactment of a comprehensive program to facilitate airport growth, including as an element the ability of airports to impose reasonable passenger facility charges, would be in the public interest. The critical components of such a comprehensive program must include:

(1) a requirement that, as part of this overall approach, the existing balance in the Trust Fund be eliminated within a specified period of time, and that these funds be used to expand the capacity of the system to accommodate additional growth;

(2) the federal ticket tax be reduced by an appropriate amount so as to offset the amount by which airports would be permitted to impose passenger facility charges so as to assure that passengers are not required to pay higher air fares as a consequence of this program; and

(3) that any such legislative program specify the uses for which passenger facility charges may be collected and include a mechanism by which the airlines and any other affected users may be able to petition the Department of Transportation to challenge expenditures by a given airport that appear to go beyond those authorized in the program.

We are pleased to have the opportunity to provide these comments on the pending legislative proposals, and ask that this letter be made a part of the hearing record. Copies of this letter are being provided for each Member of the Subcommittee, and we would be pleased to respond to any questions that you or the Members of the Subcommittee may have with respect to the matters addressed herein.

Sincerely,

Edward R. Beauvais

cc: Members of Aviation Subcommittee

CONTINENTAL AIRLINES HOLDINGS, INC.
901 15TH STREET, N.W. SUITE 500
WASHINGTON, D.C. 20005
(202) 289-6060

June 19, 1990

The Honorable James L. Oberstar
Chairman, Subcommittee on Aviation
Committee on Public Works and Transportation
2251 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Oberstar:

Continental Airlines appreciates this opportunity to present our views on the issue of passenger facility charges. We believe that Secretary Skinner has made a good case for the necessity to increase airport capacity. Secretary Skinner has also advanced the cause of air transportation by proposing that the Congress authorize the imposition of passenger facility charges. In concept, Continental agrees with The Secretary's recommendation.

We, however, share his concern and appreciate his efforts to spend down the existing trust fund balances as well as to provide reasonable alternative funding mechanisms. Clearly aviation taxes should not be raised until those taxes already collected from the traveling public are spent for safety, modernization and capacity expansion projects --the purposes for which they have been collected. Further, a mechanism must be in place which will assure that future income collected is also obligated to important aviation projects and is not used to offset the federal deficit.

Since the beginning of the modern airport system, there has come into existence a system of checks and balances that ensures that funds raised from the air traveling public and the air carriers are used on the airport for necessary projects. It is exactly these kinds of protections that Continental believes must be continued if we are to take the concept suggested by Secretary Skinner. The kinds of assurances that Continental has in mind, would include among other things, unambiguous language which requires that all revenues collected by such charges be used only for on-airport projects. Such projects should meet all existing sponsor assurances as well as the legitimate needs of the traveling public and the airlines. Further, we believe that language should be included which prohibits the unilateral abrogation of existing contracts and negotiated lease agreements. Finally, it is very important that our national airport system not become "balkanized". Therefore, we would consider it to be a prerequisite that any legislation allowing the local imposition of passenger facility charges include assurances that the federal government will have the appropriate authority and responsibility to prevent such a "balkanization."

We look forward to working with your Committee and the Department of Transportation to develop such a proposal.

With best wishes,

Sincerely,

Clark Onstad

Clark H. Onstad
Senior Vice President,
Properties and
Government Affairs

STATEMENT OF JONATHAN HOWE OF THE
NATIONAL BUSINESS AIRCRAFT ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON AVIATION

OF THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

JUNE 19, 1990

The National Business Aircraft Association supports the recommendations of the Passenger Facilitation Charge (PFC) advisory committee, of which it was a member, to Secretary Skinner.

Passenger facilitation charges, if implemented in accordance with these recommendations, could be an attractive source for airport funding as an alternative to increasing federal excise taxes.

Authorization of PFC's should take into consideration funding in the capital market, as well as, other sources of revenue such as tenants and concessionaires.

Such authorization should also recognize that the primary purpose of the Aviation Trust Fund and the taxes which support it is to increase the capacity of and modernization of our national air transportation system. Trust fund monies should not be used for airport development unless it can be demonstrably shown that system capacity will be enhanced thereby.

Finally, no authorization or funding should be provided to airports which constrain capacity with noise limits or other restrictions contrary to federal law or national policy.

SOUTHWEST

SOUTHWEST AIRLINES CO.

Herbert D. Kelleher
Chairman of The Board,
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P. O. Box 36611
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June 19, 1990

The Honorable James L. Oberstar
Chairman, Aviation Subcommittee
House Committee on Public Works and Transportation
2251 Rayburn Building
Washington, D. C. 20515

Dear Chairman Oberstar:

I understand you are meeting today to consider "passenger facility charges." Southwest Airlines was a member of the DOT Airport Capacity Funding Advisory Committee formed at the direction of the House committee report accompanying the DOT appropriations bill for FY 1990. Southwest subscribes to the report issued by the advisory committee, which has been made available to you.

The primary constraint on continued growth and competition in the airline industry is inadequate airport and airway capacity. To the extent PFC's are used to cure the capacity shortage, they may be a reasonable and acceptable source of funds subject to the guidelines contained in the advisory committee's report.

However, we feel that PFC's should only be used on an airport and project specific basis and where the given project truly enhances the capacity of the national air transportation system. Therefore, there must be some federal regulatory process in place for approval, and there should be a statutory cap on the amount that could be charged.

Further, consistent with the advisory committee's report, PFC's should not be used where alternative financing is available, including sources such as the aviation trust fund and revenue bonds. It may be difficult to meet this standard as long as the current imbalance remains in the trust fund. We are opposed to any increase in taxation, either through a PFC or the excise tax levied on passenger tickets, while the huge trust fund surplus remains intact.

Finally, since a PFC is a user fee, all users--not just commercial airline passengers--should pay.

Best regards,

Herb Kelleher
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UNITED AIR LINES, INC.

Stephen M. Wolf
Chairman and President

June 18, 1990

The Honorable James L. Oberstar
Chairman
Subcommittee on Aviation
Committee on Public Works
and Transportation
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Oberstar:

Finding a fair and equitable means of funding the near-term needs of the aviation infrastructure, both airside and groundside, presents government and industry with a difficult set of challenges. The Secretary of Transportation has proposed Passenger Facility Charges (PFCs) as an alternative means of financing airport construction and development. We at United Airlines support the Secretary's proposal and believe that it holds promise as an answer to this need.

We advocate lifting the proscription against PFCs. At the same time, we believe that their collection and use should be appropriately controlled. First, as we have learned from the ticket taxes, the most efficient and effective collection mechanism is through an incremental addition to the ticket price. Second, important safeguards, including the need to ensure that funds are spent only on airport capital improvement projects currently eligible for Airport Improvement Program (AIP) funds, should be crafted into the authorizing legislation. Third, airport construction projects should be undertaken only if they are consistent with the long-term needs of the airport, a determination in which the airlines have historically participated. This pattern should be continued regardless of the source of funds.

Location: Elk Grove Township, Illinois · P.O. Box 66100 · Chicago, Illinois 60666 · (708) 952-5488

Finally, with appropriate legislative guidance and controls, PFCs could be used to develop new airports. PFCs are not a substitute for the need for authorization and appropriation of monies currently held in the Aviation Trust Fund, however. The ticket tax surplus in the Trust Fund should be spent to meet the myriad requirements of the air transportation infrastructure including ATC capacity expansion, air traffic controller staffing, and new research on technological developments to improve the system.

Mr. Chairman, we very much support your long-standing efforts to ensure adequate funding of airport improvements through full utilization of the Trust Fund. We believe PFCs are a useful adjunct in this effort and I am encouraged, as your Committee takes up these issues, that an appropriate sharing of obligations can be crafted.

Sincerely,

Steve

Stephen M. Wolf

GAO
United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-240359

July 27, 1990

The Honorable James L. Oberstar
Chairman, Subcommittee on Aviation
Committee on Public Works and
  Transportation
House of Representatives

Dear Mr. Chairman:

In response to your request of June 13, 1990, we are providing this statement for the hearing record detailing GAO's views on passenger facility charges (PFCs) as an alternative source of funding for airport capacity expansion and improvement. As agreed with your office, our statement covers our overall views on PFCs, ways to ensure PFC funds would be used for capacity-enhancing airport projects, and ways to ensure that facilities built or expanded with PFC funds would be available for competitive use. This statement is based on our previous and ongoing work on airline competition issues.

Sincerely yours,

Kenneth M. Mead
Director, Transportation Issues

United States General Accounting Office

GAO

Testimony

For Release
on Delivery
Expected at
10:00 a.m. EDT
Tuesday
June 19, 1990

Airline Competition: Passenger Facility Charges Can Provide An Independent Source of Funding for Airport Expansion and Improvement Projects

Statement for the Record by

Kenneth M. Mead
Director, Transportation Issues
Resources, Community, and Economic
Development Division

Before the
Subcommittee on Aviation
Committee on Public Works and Transportation
House of Representatives

GAO Form 160 (12/87)

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to testify on whether airports need to have the option of assessing a direct charge on passengers in order to engage in airport expansion and promote a more competitive environment. Such direct charges, called passenger facility charges or PFCs, are currently prohibited by the Airport Development Acceleration Act of 1973. Proposals for PFCs have called for relatively modest amounts, such $1, $2, or $3 to be included in the ticket price collected by airlines, the same way the federal ticket tax is collected. However, PFC funds would be remitted directly to the airports, rather than going to either the airlines or to the federal government.

Our statement will focus on whether there is a need for legislation authorizing PFCs and on ways to ensure that PFC funds would be used for airport capacity expansion and not diverted to other uses. Our analysis is based on a series of previous and ongoing GAO reviews on competition in the airline industry that have examined how changes in the airline industry since deregulation have affected airline fares, the ability of new firms to enter the industry, and the ability of existing airlines to enter new markets. In summary, our findings are as follows:

-- PFCs could help shift more control over airport expansion decisions from airlines back to airports by reducing airports' need for airline approval of capital projects. A PFC could be especially useful at airports where one or two airlines control most of the traffic or most of the gates and other essential facilities through restrictive leases. PFC funds could also help fill the gap between airport capital needs and federal funding. However, a PFC would not be a panacea, because a lack of independent funding is not the only problem faced by airports trying to expand capacity or promote competition.

-- Potential problems, such as the diversion of PFC funds to nonairport uses, can be avoided if the authorizing legislation includes adequate safeguards. Specific safeguards could ensure that PFC funds are used only for airport projects to expand capacity and competitive access and that potential entrant airlines have access to PFC-funded facilities. Without such safeguards, there is a risk that PFC funds collected from the traveling public could be used in ways that would ultimately reinforce airline dominance.

Attachment I to our testimony contains results from our survey of 183 airports showing current airport capital project funding patterns, the extent of leases and contracts between airports and airlines that limit access for potential competitors, and the wide range of factors that could limit or delay airport expansion in the near future. Attachment II contains a list of selected GAO reports and testimonies on airline competition issues.

PFCs COULD HELP AIRPORTS FUND NEEDED PROJECTS TO INCREASE CAPACITY AND ENHANCE COMPETITION

Many airports need additional capacity to reduce congestion and delays and encourage greater competition. Additional capacity could not only provide for growth by the airlines already serving an airport but could also make room for potential competitors to begin service. However, airports are often unable to add needed capacity because of agreements that give incumbent airlines significant control over airport expansion decisions. These agreements have the effect of discouraging expansion and reducing competitive access at many of the nation's 66 largest airports. In our September 1989 testimony before this Subcommittee, we offered a number of options that could increase competition in the airline industry, including a PFC.[1] While a PFC could help solve the funding problems that prevent airport expansion and reduce the airports' need to enter into restrictive agreements with airlines, the PFC would not be a panacea for all of the capacity and competition problems faced by airports.

Incumbent Airlines Exercise Significant Control Over Many Airports' Development Decisions

Our work shows that incumbent airlines now exercise significant control over airport expansion and suggests that a PFC could help shift more control over expansion decisions back to airports. Airports have entered into two major types of agreements that give airlines control over development decisions. The first type of agreement, called a majority-in-interest agreement or MII, gives airlines with a majority of the airport's operations a voice in airport decisions. MIIs give these airlines the right to approve airport budgets or capital projects that would affect the airlines' pre-existing commitments to cover payments on outstanding airport bonds. Under the second type of agreement, called residual funding, airlines agree to pay sufficient fees to cover all of the airport's expenses that are not covered by other revenues, such as revenues from concessions and parking. In return, the airlines get the right to approve airport decisions that would increase airport expenses. Both types of agreements help airports get lower interest rates on their bonds.

MIIs can force airports to delay capital projects or, in effect, to forego them altogether. MIIs are in effect at 36 of the 66 largest airports in the country, as shown in attachment I.

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[1] Barriers to Competition in the Airline Industry (GAO/T-RCED-89-65, Sept. 20, 1989, and GAO/T-RCED-89-66, Sept. 21, 1989).

(See tables I.1 and I.2.) For instance, an official at one large airport told us it took years to get airline approval for a new air cargo facility. At another airport, several projects that would provide expanded capacity to meet expected growth and would improve airport security have been rejected by the incumbent airlines.

Our work suggests that MIIs do represent a barrier to expansion and competitive entry and could detract from the usefulness of a PFC. Our analysis of airline fares indicates that fares are about 3 percent higher on routes from airports where an MII is in force.[2] Some MII agreements could prevent an airport from using PFC funds effectively, since they require airline approval for any projects that could affect incumbent airlines' cost of operation, even if the projects are not financed with airline-backed bonds. Thus, at some airports, PFC funds could not be used to support a bond issue or combined with funds from other sources, including federal grants.

According to the Airport Operators Council International (AOCI), 25 of the 30 largest airports have restrictions in their agreements with airlines that limit the airports' ability to make effective use of a PFC. Some agreements contain specific clauses prohibiting the airport from (1) charging fees to airline passengers; (2) changing the way airline landing fees are calculated; or (3) charging any additional rates, fees, or charges of any kind other than those specified in the agreement. In addition, residual funding agreements would include PFC funds as part of the airports' revenues in calculating airline fees. Therefore, airline fees would be lowered to the extent that a PFC generated funds and the airport would not have any net increase in revenue. Thus, a PFC could provide an independent funding source to airports, but only if the authorizing legislation exempts PFC funds from these types of restrictive provisions in existing airport/airline agreements.

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[2] We are currently completing our estimates using an econometric model to estimate the relationships between air fares and factors that could limit competitive entry into airline markets.

Airports Rely Heavily on Airlines to Finance or Guarantee Capital Projects

Many airports rely heavily on airlines to fund capital projects for capacity expansion and improvement. As shown in attachment I to our testimony, half of the nation's 66 largest airports relied on incumbent airlines to back airport revenue bonds. Half of the 66 airports also relied on individual airlines seeking facilities to fund major projects. (See table I.3.) Thus, airlines wanting to expand or begin service at an airport sometimes pay for gates and other facilities to be added to accommodate their new service. At one large airport, for instance, half of the 30 gates leased to domestic airlines are "owned" by the airlines that paid for them.[3] At another large airport with an MII, a low-cost airline wanting to begin service paid for the construction of two additional gates in order to gain full access to the airport.

A PFC could give airports a source of revenue independent of airline approval for financing airport expansion projects needed to meet expected growth in operations and to allow competitive entry. Airports that are less reliant on airline financing could be better able to resist pressure to enter into long-term contracts with airlines containing exclusive use or MII provisions. Fewer restrictive contracts, in turn, could give airports more flexibility both in providing facilities to potential competitors and in reducing congestion and delay.

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[3] These gates are leased to the airlines who paid for their construction on 99-year, exclusive-use leases.

Many Airports Lack Competitively Available Facilities

Previous GAO studies have shown that airline fares are substantially higher when one or two airlines control most of the traffic and when there are barriers to new entry.[4] Fifteen of the top 75 airports in the country are concentrated, that is, have one airline that handled at least 60 percent of the traffic or two airlines that handled at least 85 percent of the traffic.[5] Fares at these airports were about 27 percent higher than fares at unconcentrated airports, and most of the gates and passenger waiting rooms at these airports are leased to the dominant airlines on long-term, exclusive-use leases. If entrant airlines are to compete on a level playing field, they need access to airport facilities on terms similar to those received by incumbent airlines. Otherwise, the entrants would be at a disadvantage if their operating costs were higher than the incumbents' costs. We found that many of the major airports in this country lack the gates and other essential airport facilities, such as passenger waiting rooms, ticket counters, and baggage claim facilities, to accommodate competitive entry.

One indication of the extent of this problem is that 24 of the 27 largest airports have all of at least one essential facility leased for the exclusive use of tenant airlines. In addition, as shown in attachment I, these airports often have no unused facilities as well. (See table I.4.) AOCI found that only 5 of 30 major airports have enough gates available on competitive terms for a potential entrant airline to start a mini-hub operation. Thus, airlines seeking to start or expand service at many major airports must arrange to use another airline's facilities. According to airline officials, such arrangements are much more expensive than leasing facilities directly from the airport operator.

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[4] See Airline Competition: Higher Fares and Reduced Competition at Concentrated Airports (GAO/RCED-90-102, July 11, 1990) and Effects of Airline Entry Barriers on Fares (GAO/T-RCED-90-62, April 5, 1990.

[5] A total of 22 airports met the concentration criteria. However, we excluded 7 of those airports because they were in multi-airport cities or outside the 48 contiguous states.

Competitive Access to Facilities Built or Expanded With PFC Funds Could Be Ensured

One of the issues that has arisen in the discussion of PFCs is ensuring that increased capacity paid for with PFC revenues be made available to airlines on a competitive basis. One proposal under consideration by the Subcommittee to try to ensure competitive access calls for a prohibition on long-term exclusive-use leasing of facilities built or expanded with PFC funds. Our work suggests that such a prohibition, by itself, will not ensure competitive access. Allowing even short-term exclusive-use leases could limit access, especially if the leases include options to renew the lease at the discretion of the leasing airline. Our work suggests that all exclusive-use leasing of PFC-funded facilities be discouraged. Otherwise, facilities built with funds collected from the traveling public could ultimately serve only to benefit incumbent airlines without improving access for potential competitors.

Our work indicates that common leasing practices could limit future competitive access to PFC-funded facilities by extending the length of time airlines control exclusively leased facilities. For instance, it is a standard industry practice to allow expired leases to continue on their old terms under "carryover" provisions while new leases are being negotiated. While airport officials told us these provisions provide continuity in service, our work has shown that some leases remain in force under their carryover provisions for years while negotiations continue. In addition, some leases allow the original lease to be renewed at the option of the airline. Such renewal options can add many years to the original term of the lease. At one large airport, an airline leasing facilities has two renewal option terms of 10 years each, giving the airline control of some facilities up to 20 years after the original lease term expires. The results of our econometric model indicate that the larger the share of gates an airline leases at an airport, especially if those gates are on long-term exclusive-use leases, the higher the airline's fares are at that airport. (See table I.5 and I.6 in attachment I for information on long-term and exclusive-use gate leasing.)

These problems could be reduced if the facilities built or expanded with PFC funds were leased under preferential leases. Preferential leases protect the tenant airline by giving it the first right to use the facilities under lease but also allow the airport operator to assign secondary use of the facilities to other airlines when the tenant airline does not have operations scheduled. Leases on PFC-funded facilities could also contain a clause providing that the tenant airline agree to accommodate a secondary user at some of the facilities it leases if the airline's use of its total leased facilities (including those on pre-existing exclusive-use leases) permits. Without such a clause, it would be possible for an airline to lease PFC-funded facilities on a preferential basis, use the new facilities intensively, and leave exclusive-use facilities of the same type unused for extended periods, thus negating the capacity and competition enhancing effect of the new facilities.

PFCs Could Help Close the Gap Between Federal Funding and Airport Needs

PFCs could help close the gap between federal funding and airport needs for funding for capital projects in two ways. First, a PFC could give airports additional funds to use on projects eligible for federal funds but for which federal funds are not now available. Second, PFC funds could be used for projects that are needed to expand capacity or to promote competition that are not eligible for federal funds. While it is apparent how some projects, such as building a new runway or adding gates, would increase an airport's capacity, the need for other projects is not as obvious. For instance, airports must also provide facilities such as airplane sewage treatment plants and noise barriers around areas used to test airplane engines. Without these facilities, an airport's growth is limited just as surely as it is by a lack of runways or gates.

Our work suggests that each airport faces a unique combination of needs and constraints. Airports responding to our survey cited a range of problems including state and federal requirements for environmental studies, the need for noise mitigation, lack of highway access roads, and airline opposition to expansion. As shown in attachment I, more than half of the nation's 66 largest airports reported at least one factor that could greatly limit or delay capacity expansion. (See tables I.7 and I.8.) In addition, nearly one-third of the airports listing problems on our survey reported that unavailability of funding, such as funds from the Airport Improvement Program (AIP), could greatly impede expansion.[6][7] While PFC funding would not eliminate the problems airports face because of the environmental and noise impacts of expansion, it could help to fund required studies and pay for mitigation measures.

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[6] This question asked airports to give the extent that community opposition to increased noise, community opposition to other consequences of expansion, and limitations in the capacity of the air traffic control system would delay expansion plans in the next 5 years. In addition, respondents were asked to write in any additional factors that posed problems for their airports.

[7] FAA provides federal grants to airports for capacity, security, and safety projects under the Airport Improvement Program. However, expansion of revenue-producing facilities, such as gates, are not covered by this program.

Available federal funding falls far short of meeting projected airport capital development needs in the next 5 years. Although the Airport and Airway Trust Fund exceeds current commitments by about $7.6 billion, the Trust Fund is also used to pay for a portion of the Federal Aviation Administration's (FAA) operating expenses and to modernize the air traffic control system (a task that GAO estimates will cost about $27 billion through the year 2000). FAA estimates airport AIP-eligible capital development needs for the next 5 years at $31 billion, an average of more than $6 billion per year, while the President's Budget allocated only $1.5 billion in fiscal year 1991 for AIP projects.[8] In addition, AOCI estimates that there is currently a $7 billion backlog in unfunded AIP projects. A PFC could help alleviate some of this shortfall in federal funding for airport development.

A PFC could be structured to benefit both large and small airports. While airports serving large numbers of travelers would be able to generate substantial funds with a PFC, airports serving fewer travelers might not be able to generate enough funds with a PFC to pay for needed projects. Thus, larger airports would probably gain the most direct benefits from levying a PFC. However, if an airport's eligibility for AIP funds were partially reduced if the airport levies a PFC, additional federal funds could be made available to those airports less able to use the PFC. It would not however, unduly penalize airports choosing to levy a PFC, since those airports would benefit from a PFC in two ways. First, as long as the reduction in eligibility is not on a dollar-for-dollar basis, airports levying a PFC would have a net increase in funds for capital projects. Second, as mentioned previously, the funds from the PFC could be spent without incumbent airline approval.

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[8] FAA's estimate of airport capital development needs for the next 5 years is stated in constant 1989 dollars.

POTENTIAL PITFALLS IN AUTHORIZING PFCs CAN BE AVOIDED

Our work suggests that allowing airports to levy PFCs could lead to four major problems. First, funds collected through a PFC could be diverted to nonairport-related uses. Second, PFC funds could be used for airport projects that do not affect airport capacity or promote greater competition. Third, consumers' interests need to be safeguarded so that they are informed of the number and cost of PFCs and so that the additional cost of air travel does not become burdensome for any individual traveler. Fourth, as explained previously, airline agreements and leases could prevent competitive access to PFC-funded facilities.

Safeguards Can Prevent Diversion of PFC Funds by Airports

Diversion of PFC funds to nonairport uses can be prevented if safeguards are enacted as part of the legislation authorizing PFCs. Airlines have expressed concern that airport authorities would use revenues from PFCs for nonairport purposes. The Airport and Airways Improvement Act of 1982 requires that airport operators receiving federal grants provide assurances that airport revenues will be expended for airport purposes. The authorizing legislation could contain similar language ensuring that PFC funds will be spent only on projects to enhance airport capacity and competition. Thus, the requirement that airport funds be spent for airport purposes would cover all airports levying a PFC, both those that receive federal grants and those that do not. In addition, PFC proposals would provide the Secretary of Transportation with the authority to devise an effective program to audit expenditures of PFC funds to ensure the funds are used in an appropriate manner. Should the audit reveal that funds are being diverted, the legislation could provide for that airport's PFC authority to be withdrawn or suspended.

Criteria Could Be Set For Projects to be Funded With PFCs

The Congress may want to establish criteria for the types of projects that airports could finance with PFC funds to ensure that projects so funded further the goals of expanding capacity and enhancing competition. The Secretary of Transportation could then confirm that proposed projects meet the criteria before an airport could begin collecting a PFC.

Appropriate criteria for each category of projects would have to be developed. A conservative approach would be to limit PFC-funded projects to those that are eligible for AIP funds, that is projects related to airport capacity, security, and safety. However, facilities that will be leased to airlines, such as gates and other facilities essential for potential entrants, are not eligible for AIP funds. Thus, if the criteria are too narrow, they could limit the effectiveness of the PFC as an alternative source of funding by excluding projects that would promote competition or that would indirectly affect airport capacity. Based on our work and the wide range of needs airports reported, we believe airports should have a great deal of discretion in choosing which capital projects to fund with PFCs, provided the projects expand airport capacity and promote competition.

Consumers Will Need Information About the Number and Cost of PFCs

Our work suggests two consumer issues the authorizing legislation might address--the number of times a passenger can be charged PFCs on a single trip and the way passengers should be informed of PFCs when booking flights. Because of the development of hub-and-spoke systems, many passengers must make connections between their original flight and another flight at a connecting hub airport. If the passenger is charged a PFC at each airport on the route, the total PFCs charged on a flight could become substantial. Passengers will also need to know the number, location, and amount of PFCs included in their airfares.

The Congress may wish to limit the number of times a PFC can be levied on any single trip. This will necessitate deciding which airports could collect PFCs on flights with multiple stops. Based on fourth quarter 1989 data, at least 38 percent of the trips taken involved either connecting flights or stops in more than one city. This represents at least 16 million passengers. While it would be relatively simple to determine which airports would have the right to collect a PFC on one-way and round-trip flights, some flights do not fall into these categories. Some formula would have to be devised to designate which airports and how many airports could levy PFCs on "open jaw" trips (i.e., trips in which the traveler does not return to the starting point) and trips with stops in numerous cites. We have not done any analysis on this complex issue and, therefore, are not prepared to offer any specific solutions at this time.

In addition, authorizing legislation might address how passengers are to be informed about the presence and amount of PFC charges for their proposed trips. One alternative would be to require that PFC charges be included in advertised airline fares. Another alternative would be to allow the exclusion of PFC charges from advertised fares but require that consumers be informed of PFCs when they book tickets. If consumers are informed about the presence of PFCs, especially those levied at connecting hub airports, they will have better information to use in deciding between competing airlines and routes. Resolution of this issue could be delegated to the Secretary, since the Department of Transportation already has the authority to regulate unfair and deceptive airline trade practices and to resolve airline consumer complaints. A formal rule-making process with opportunity for public comments could help the Secretary to sort through these complex and contentious issues.

CONCLUSIONS

We believe that PFCs would give airports an important alternative to reliance on airline funding or guarantees to build and expand airport capacity. The availability of such an alternative is particularly important for those airports having severely restrictive MIIs or having most or all of their present facilities leased on long-term exclusive-use contracts. Legislation allowing airports to levy a PFC can be structured to protect the interests of the consumers paying the PFC, while still affording each airport a maximum amount of flexibility in meeting its particular needs. Our work suggests that many of the current problems with competition in the airline industry are the result of agreements and conditions that existed before deregulation. The Congress has an opportunity to include safeguards in the authorizing legislation to prevent pre-existing agreements between airports and airlines from limiting the effectiveness of a PFC. Thus, a PFC could help to shift more control over airport development, expansion, and use decisions to airports.

SELECTED RESULTS OF THE GAO AIRPORT SURVEY

AIRPORTS RESPONDING TO OUR SURVEY

We surveyed 183 large, medium-sized, and small airports in the continental United States.[1] Using the Federal Aviation Administration's (FAA) size categories for the communities airports serve, our sample included all 27 large airports and all 39 medium-sized airports. The sample also included 117 of the 163 small airports reporting routes with at least 20 passengers per day. The small airports surveyed are end points on a stratified random sample of routes having 20 or more passengers per day. Thus, the small airports we surveyed are not themselves a random sample of airports, since airports with more routes had a greater chance of being selected than airports with fewer qualifying routes. Therefore, the data we received from the large and medium-sized airports represent a census of conditions at those airports, while the data from the 117 small airports in our survey represent only conditions at those particular airports and are not generalizable to all small airports. Nevertheless, our survey included 72 percent of the small airports reporting routes with at least 20 passengers per day.

MAJORITY-IN-INTEREST AGREEMENTS

Some airports have agreements with their tenant airlines, called majority-in-interest (MII) agreements, that give the airlines some control over airport expansion. (See table I.1.) Under these agreements, an airport may be required to get the airlines' approval of the proposed project itself, or the airlines may have some control over the airport's ability to issue additional bonds or raise fees to pay for improvements. For example, an agreement might require approval by airlines enplaning 51 percent of the passengers in the previous year for any project costing over $50,000 whose costs would be recovered from fees charged to the airlines.

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[1] FAA defines airport size categories based on the percentage of total passengers enplaned in a city and its surrounding standard metropolitan statistical area. A large hub enplanes at least 1 percent of the passengers, a medium hub enplanes 0.25 percent to 0.99 percent of the passengers, and a small/nonhub enplanes less than 0.25 percent of the passengers. We applied these criteria to individual airports (such as LaGuardia) rather than to communities (such as New York City).

Table I.1: Number and Percentage of Airports With a Majority-in-Interest Agreement Where One Airline Can Block Expansion

Size of airport	Total number of airports	One airline can block[a]	One airline cannot block[b]	Unknown[c]	Total airports with MII	Percentage of airports with MII
Large	27	6	7	2	15	56%
Medium	39	3	9	9	21	54%
Small	117	4	3	11	18	15%
Total	183					

[a] This column shows the number of airports where one airline has a sufficiently large share of operations to block approval of airport expansion projects under the terms of the MII agreement.

[b] This column represents those airports where no single airline has a large enough share to block approval of projects under the terms of the MII agreement.

[c] In these cases, we did not have enough information to determine whether a single airline could block projects.

We also asked airports with an MII whether the agreement limited or delayed their expansion efforts. (See table I.2.) One large airport with an MII did not answer this question.

Table I.2: Number of Airports Where MII Limits or Delays Expansion

Size of airport	Number of airports: Effect of MII on expansion: Greatly limits or delays	Moderately limits or delays	Somewhat limits or delays	Does not limit or delay	Total airports with MIIs
Large[a]	2	3	3	6	14
Medium	4	5	9	3	21
Small	1	2	12	3	18

[a] One large airport with an MII that did not respond to this question is not included in this table.

SOURCES OF FUNDING FOR AIRPORT EXPANSION PROJECTS

The airports in our survey were asked if they had undertaken any capacity expansion or improvement projects since 1980 costing over $10 million. Fifty-six of the large and medium-sized airports and 48 of the small airports we surveyed had such major projects. These airports were then asked how important several types of funding were in financing major expansion and improvement projects. (See table I.3.)

Table I.3: Sources of Funding for Major Capacity Expansion and Improvement Projects Undertaken Since 1980

Funding source and size of airport	Number of airports: Major source	Minor source	Source not used	Airports using source	Percentage of airports using source[a]
Funds from airline seeking facilities:					
Large	7	12	3	19	86%
Medium	4	10	12	14	54%
Small	3	14	22	17	44%

(continued)

Funding source and size of airport	Number of airports				Percentage of airports using source[a]
	Major source	Minor source	Source not used	Airports using source	
Airport revenue bonds needing airline approval:					
Large	13	2	9	15	62%
Medium	17	1	11	18	62%
Small	6	2	28	8	22%
Airport revenue bonds not needing airline approval:					
Large	6	2	15	8	35%
Medium	7	2	20	9	31%
Small	16	11	14	27	66%
Federal grants:					
Large	10	13	0	23	100%
Medium	18	11	2	29	94%
Small	40	4	2	44	96%
Airport operator's own revenues:					
Large	10	11	3	21	88%
Medium	8	14	7	22	76%
Small	18	25	3	43	93%
State or local general obligation bonds:					
Large	2	1	21	3	12%
Medium	5	0	23	5	18%
Small	14	6	20	20	50%

(continued)

Funding source and size of airport	Number of airports				Percentage of airports using source[a]
	Major source	Minor source	Source not used	Airports using source	
State or local revenue bonds:					
Large	3	0	20	3	13%
Medium	3	1	25	4	14%
Small	7	3	29	10	26%

[a] Percentages are based on the total number of airports responding to each segment of this question.

LIMITED AVAILABILITY OF FACILITIES AT AIRPORTS DUE TO EXCLUSIVE-USE LEASING

The airports responding to our survey reported whether or not they lease ticket counters, passenger hold rooms or waiting rooms, and baggage claim facilities for the exclusive use of the leasing airlines. (See table I.4.) An exclusive-use lease gives the tenant airline sole right to the facilities leased, even if the airline chooses to leave the facilities unused. Only the airports leasing these facilities for exclusive use answered further questions giving the total number of each type of facility, the number leased, and the number unused (unused facilities may or may not be leased).

Table I.4: Airports With All of a Facility Leased for Exclusive Use

Size of airport	Number of airports	Percentage of airports: With some or all exclusive-use leases	With all exclusive-use leases	With all facilities used[a]
Ticket counters:				
Large	27	85%	30%	26%
Medium	39	97%	51%	34%
Small	117	93%	56%	54%
Passenger hold rooms:				
Large	27	85%	30%	65%
Medium	39	74%	26%	59%
Small	117	36%	16%	67%
Baggage claim facilities:				
Large	27	56%	11%	67%
Medium	39	28%	5%	55%
Small	117	3%	2%	100%

[a] This column is based on the number of airports leasing each type of facility for exclusive use. It shows the percentage of airports leasing some or all of each type of facility for exclusive use that have all of that type of facility used.

GATE LEASING AND USE AT THE 183 AIRPORTS

We asked airport officials to tell us how many domestic gates they lease to each airline, the terms of the leases, and how the airlines actually use the gates they lease. Airport officials filled out a separate form for each airline leasing gates, detailing the number of gates leased, whether the airline subleased any of those gates to other airlines, how the gates were being used in 1988, and the terms under which the gates were leased. Two of the medium-sized airports reported that they do not have gate leases, as did 43 of the small airports we surveyed. All of the large airports have gate leases.

Gate Leasing

Airport facilities are leased on two major types of leases--exclusive and preferential. (See table I.5.) An exclusive lease gives the tenant airline the sole right to use the leased facilities during the term of the lease, even if the tenant airline chooses to leave the facilities unused. A preferential lease gives the tenant airline the primary or first right to use the leased facilities whenever it has operations scheduled. However, under a preferential lease, the airport operator can also lease the facilities to a "secondary" user when the primary tenant does not have operations scheduled. Either exclusive or preferential leases may be modified by a use-or-lose provision that allows the airport operator to assign use of the leased facility to other airlines if the tenant airline's use does not meet a specified criterion (e.g., gates may be repossessed if the tenant airline has no scheduled flights for a period of 6 months).

Table I.5: Number and Percentage of Gates Leased by Type and Length of Lease

Type of Lease	Number of gates	Percentage of gates
Exclusive-use		
With use-or-lose	389	12%
Without use-or-lose	2,195	68%
Preferential-use		
With use-or-lose	91	3%
Without use-or-lose	554	17%
Total	3,229	100%

We also calculated the time remaining on gate leases from the date of our survey (March 1988) until the lease was due to expire. (See table I.6.) Gates on leases with an expiration date of 1987 or before are counted in the "expired" category. Gates on leases expiring in 1988 and gates on month-to-month leases are counted in the "less than 1 year" category. However, some leases include a renewal option term, giving the leasing airline the right to renew the lease for a stated number of years. The calculation of time remaining on gate leases does not include any renewal option periods, although the options may significantly extend the length of the lease.

Table I.6: Number and Percentage of Gates Leased by Length of Time Remaining on Lease

Time remaining on lease	Number of gates	Percentage of gates
Expired	66	2%
Less than 1 year	100	3%
1-2 years	421	13%
3-5 years	405	12%
6-10 years	536	17%
11-20 years	740	23%
Over 20 years	961	30%
Total	3,229	100%

FACTORS THAT COULD GREATLY LIMIT OR DELAY EXPANSION DURING THE NEXT 5 YEARS

We combined the airports' answers to questions concerning the availability of land for expansion, the extent their MII limits or delays expansion, the effect of community opposition to increased airport noise and other effects of airport expansion, the ability of the air traffic control system to handle expansion, and other concerns listed by the airports to determine the number of airports where one or more of these factors could greatly limit or delay expansion in the next 5 years. (See table I.7.)

Table I.7: Percentage of Airports Where One or More Factors Could Greatly Limit or Delay Expansion in the Next 5 Years

Size of airport	Number of airports	Number of factors: One	Two	Three	Four or more	At least one
Large	27	33%	15%	15%	11%	74%
Medium	39	31%	10%	5%	0%	46%
Small	117	21%	6%	5%	2%	34%
Total	183					

Airport representatives checked boxes showing the extent to which the community opposition to increased noise, community opposition to other consequences of airport expansion, and the ability of the air traffic control system to handle expansion could limit or delay expansion in the next 5 years at their airports. They were also given an opportunity to write in additional factors of particular concern for their airport, which are tabulated in table I.8 in the column headed "other factors."

Table I.8: Factors That Could Affect Airport Expansion in the Next 5 Years

Effect on expansion	Number of airports citing each factor			
	Community opposition			
	To increased noise	To other aspects of expansion	Air traffic control capacity	Other factors[a]
Large airports:				
Greatly limit	18	6	6	7
Somewhat limit	4	9	9	4
Would not limit	4	11	10	[b]
No response	1	1	2	18
Medium-sized airports:				
Greatly limit	6	3	4	6
Somewhat limit	23	9	8	3
Would not limit	9	26	25	[b]
No response	1	1	2	31
Small airports:				
Greatly limit	13	10	7	25[c]
Somewhat limit	32	15	14	6
Would not limit	69	89	91	[b]
No response	3	3	5	88

[a] Data in this column reflect the number of additional constraints on expansion written in by airports. Some airports cited more than one such factor; other airports did not respond. Factors cited include lack of funding, airline opposition to expansion, and concern over the impact of expansion on wetlands.

[b] The "would not limit" category is not applicable for these factors that airport representatives wrote in.

[c] Lack of funding was the leading "other factor" cited by small airports. Eleven said lack of funding would greatly limit expansion, while 3 said it would somewhat limit expansion.

LIST OF SELECTED GAO REPORTS AND TESTIMONIES ON AIRLINE COMPETITION

ISSUED PRODUCTS:

Deregulation: Increased Competition Is Making Airlines More Efficient and Responsive to Consumers (GAO/RCED-86-26, Nov. 6, 1985).

Airline Competition: Impact of Computerized Reservation Systems (GAO/RCED-86-74, May 9, 1986).

Airline Takeoff and Landing Slots: Department of Transportation's Slot Allocation Rule (GAO/RCED-86-92, Jan. 31, 1986).

Competition in the Airline Computerized Reservation System Industry (GAO/T-RCED-88-62, Sept. 14, 1988).

Airline Competition: Fare and Service Changes at St. Louis Since the TWA-Ozark Merger (GAO/RCED-88-217BR, Sept. 21, 1988).

Air Fares and Service at Concentrated Airports (GAO/T-RCED-89-37, June 7, 1989).

Barriers to Competition in the Airline Industry (GAO/T-RCED-89-65, Sept. 20, 1989, and GAO/T-RCED-89-66, Sept. 21, 1989).

Airline Competition: DOT's Implementation of Airline Regulatory Authority (GAO/RCED-89-93, June 28, 1989).

Airline Service: Changes at Major Montana Airports Since Deregulation (GAO/RCED-89-141FS, May 24, 1989).

Airline Competition: Higher Fares and Reduced Competition at Concentrated Airports (GAO/RCED-90-102, July 11, 1990).

PRODUCTS IN PROCESSING:

Airline Competition: Industry Operating and Marketing Practices Limit Market Entry (GAO/RCED-90-147).